

IS A REVOCABLE LIVING TRUST RIGHT FOR YOU?



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Depending upon your individual circumstances, a revocable living trust could be a valuable estate planning tool, helping to streamline and simplify wealth transfer to your heirs and provide you with privacy, flexibility, and control of your assets. In this white paper, we describe some of the potential benefits of a revocable living trust.

We are available to answer your questions on this topic and help in any other way, including by coordinating with your attorney, who can help you determine if a revocable living trust is right for you.

Revocable Living Trusts: An Overview

A revocable living trust is an agreement signed by an individual (the grantor) designating a person and/or an entity (often a trust company or bank) as trustee to administer the trust. Often the grantor will act as the trustee, with a successor or co-trustee named to ensure continuity in the event the trustee becomes disabled and/or dies.

The grantor retains control over the trust, including the ability to amend or dissolve it if circumstances change and to determine what assets are in it over time, which can include illiquid assets such as real estate. Notably, the trust's instructions survive the grantor after death.

To fund a trust, securities, real property, personal property, and other assets must be purchased and/or re-registered in the name of the trust. While the grantor is living, any income generated by the trust passes through to him or her and does not require a separate tax return.

A REVOCABLE LIVING TRUST:

- > Avoids probate administration
- > Allows immediate access to assets upon death
- > Offers privacy
- > Ensures continuity of management during disability
- > Provides ongoing investment management services
- > Enables out-of-state property administration

Advantages of Revocable Living Trusts

Avoids Probate Administration

When the grantor dies, a revocable living trust typically does not require approval from a court to pass assets to its beneficiaries, saving them court fees and giving them quicker access to the inheritance. Thus, assets ordinarily are more immediately available to pay for funeral costs, estate taxes, administration expenses, and debts, and any property in the trust is available for liquidation, if necessary. Assets designated as charitable bequests are excluded from a grantor's taxable estate at death.

Offers Privacy

The avoidance of probate administration ensures that the revocable living trust remains a private document, unlike a probated Will, which becomes a public document that can be viewed in its entirety. With a revocable living trust, the grantor and trustee decide who has a right to access it. The trustee is not obligated to share any details of the trust with creditors, excluded heirs, or other family members.

Ensures Continuity During Disability

A revocable living trust authorizes a pre-selected successor trustee to immediately begin taking care of a grantor and his or her family in the event the grantor is also the trustee and becomes physically or mentally incapacitated and unable to manage his or her own affairs—without going through the court system to request a conservatorship.

Provides Ongoing Asset Management for Beneficiaries

A revocable living trust can continue to receive ongoing investment management services in the event of the grantor's death or disability. Without a trust in place, an individual investment management account typically freezes upon the account holder's death, often until after probate administration through the court system, leaving the account without active management for what could be several months or years.

Enables Out-of-State Property Administration

Among the flexibilities offered by a revocable living trust include the grantor's ability to designate individuals who are unrelated and individuals and companies that are located out of state as the primary administrator of his or her property at death. There are typically limited flexibilities in this regard without a trust in place.

The best way to determine if a revocable living trust is the right estate planning tool for you is to speak with an attorney about your situation. As part of your broader team of advisors, we are happy to participate in that conversation. Please contact us if we can be helpful to you in any way.