

## ESTATE PLANNING

### REVOCABLE LIVING TRUST

#### CONCEPT APPLIED:

Individuals use RLTs to:

- ◆ avoid probate, publicity, and expense,
- ◆ retain rights to the trust property during life, and
- ◆ ensure eventual asset distribution according to their wishes.

#### HOW IT WORKS:

During life, the grantor can alter or revoke the trust and may add or remove assets. At the grantor's death, the trust becomes irrevocable or terminates. The grantor may also choose a "testamentary" RLT, which comes into effect at death and is funded by life insurance proceeds or by a bequest. The trust terms control the distribution of assets even after the death of the grantor.

Due to probate law differences, RLTs are not used as extensively in some states as they are in others.

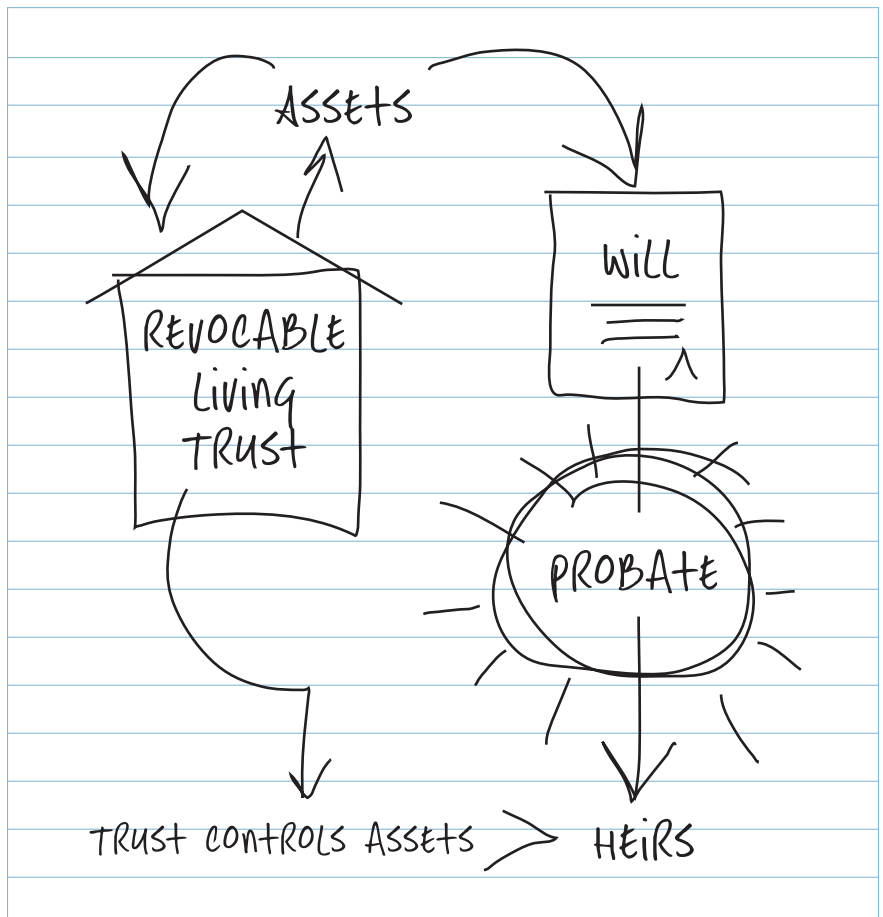
#### WHY IS IT USEFUL?

An RLT:

- ◆ Provides flexibility—adding or removing estate assets, or changing trust terms as needed prior to death
- ◆ Avoids probate in most cases
- ◆ Controls assets after death through the terms of the trust

#### 50 words or less

In an RLT, the grantor retains control of the assets during life. At death, the assets usually avoid probate. Following death, the trust terms direct the distribution of the assets.



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