

5 Things to Know about Revocable Living Trusts

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Building an estate plan that is appropriate for your family means being familiar with the basics of various strategies. This will enable you to better identify your concerns and goals with your Certified Elder Law Attorney. This is the first article of a two-part series that takes a popular estate planning strategy and explains some of its key concepts. Here are 5 things to know about Revocable Living Trusts:

1. Revocable Living Trusts Help Assets Avoid Probate

Probate in Pennsylvania can be summarized as the court assisted process of proving one's Last Will and Testament, as well as identifying, inventorying and providing a forum for creditors to make claims against an estate. Probate is expensive, inefficient and public. A revocable trust is an entity that can transition assets upon the death of the Grantor (creators of the trust) to heirs without the need for probate. Therefore, making the process more efficient, private and less expensive for your heirs.

2. No Restrictions on Access for Grantors

A Revocable Living Trust is just that: revocable. Therefore, Grantors have little to no restrictions in accessing their trust assets throughout their lives; including amending or flat out terminating the trust if appropriate. Grantors remain in control of their property just as if the assets were still titled in their individual names.

3. Grantors May Serve as their Own Trustees

Grantors may also manage their own funds within the trust by serving as their own Trustees. They may make investment decisions, buy and sell real estate and make lifetime distributions to their beneficiaries (gifts).

4. No Protection from Long Term Care Exposure

Because the Grantors of a Revocable Trust retain so much control over trust assets, a Revocable Trust offers no protection from Long Term Care exposure and will be considered a countable asset in the eyes of the Pennsylvania Medical Assistance program. In fact, having one's primary residence in a Revocable Living Trust can morph this typically Medical Assistance exempt resource into a countable resource.

5. Protect Your Heirs

A Revocable Living Trust can be a great platform to create inheritance protection for beneficiaries upon the death of the Grantors. Smaller beneficiary trusts can be created and established from the Revocable Living Trust to protect the inheritance from complications that squander wealth, such as: divorcing spouses, bankruptcy, creditors, spendthrifts or other bad decisions a beneficiary may make.

Ask a Certified Elder Law Attorney if a Revocable Living Trust plan is right for your family.