



WILSON MEMORIAL HOSPITAL FOUNDATION

## Living Trust

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A revocable intervivos or "living" trust is an important part of the estate plan of many people. Intervivos means "during life," which is when the trust is established. Revocable means that the creator, also known as the grantor, of the trust can change the terms of the trust or revoke it completely during his or her lifetime. Assets in trust are not part of your will; they are transferred according to the instructions in the trust document.

The subject of a living trust as an estate planning tool generates quite a bit of discussion. A living trust is an arrangement you create during your lifetime to provide for yourself and your family both before and after your death. It has built-in flexibility that can work very well with your overall estate plans. **Though there are many advantages to using this estate planning tool, it is not a substitute for a will.**

### **Looking at Both Sides**

**Reduction of probate costs** Although you can enjoy the use of the assets you place in a trust during your lifetime, a living trust removes those assets from your estate for probate purposes. Therefore, you save the probate and administration costs you would incur if those same assets were distributed by the terms of your will.

**Speedy distribution of trust assets** By establishing a living trust during your lifetime, you are setting up a method of managing and distributing your assets. Because a living trust escapes the probate process, the plan of distribution you describe is set in motion immediately at your death. There are none of the delays that occur under distribution by will, and you can be sure your assets ultimately will benefit the charitable institution(s) that mean so much to you.

**Flexibility of planning** Most living trusts are revocable. This gives you the freedom to amend, add to, or even completely revoke the trust agreement as you wish. Freedom of control. Living trusts give you the freedom to name both the beneficiaries and the trustee. Most likely you will name yourself as the trustee during your lifetime and maintain the right to appoint and select successor trustees and beneficiaries. You also control the income and principal and how much of it you wish to use during your lifetime.

**Investment management** You may choose to appoint a professional trustee such as a bank trust department or trust institution. This frees you from the worry of the day-to-day management of assets, yet you still may direct investment goals, including instructing your trustee to change investment strategies.

If you wish, you can give your trustee broad powers and allow the trustee to make the decisions, do all the paperwork and collect the dividends and interest and credit them properly. You would receive periodic and detailed accounting statements, including year-end data for tax purposes. Should you suffer a prolonged illness, your trustee could even pay your medical and household bills.

**Confidential trust terms** A living trust is private. Unlike a will, no one, other than the beneficiaries, needs to know the contents of a trust.

**Charitable contributions** Once your needs and those of your family are met trust assets can be distributed to charitable organizations like the Wilson Memorial Hospital Foundation.

**Tax savings** Although all the assets in a living trust are subject to estate taxes, a living trust may be drafted to make the most of estate tax advantages afforded under federal law. After your lifetime, the value of the assets distributed immediately to a charitable institution completely avoids estate tax.

For more information please contact Bonnie Faulkner, Executive Director Wilson Memorial Hospital Foundation at [bfaulkner@wilsonhospital.com](mailto:bfaulkner@wilsonhospital.com) or (937) 498-5575.

*This information is not intended as financial or legal advice. For financial or legal advice, please consult your financial advisor or attorney.*

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