

Benefits Of A Trust Versus A Will - Estate Planning

A properly drafted will or trust is essential for anyone that has assets to leave to heirs. Either a will or a trust allows you to designate anyone you wish as beneficiaries. Both a will and a “revocable living trust” allow you to identify who the heirs to your assets will be.

The main difference between the two is that assets held in a trust will avoid probate upon one’s passing, which is inhibitive to the heirs and costly. A trust structured as a revocable living trust can help shelter family assets from taxes by properly placing assets within the trust. For 2024, the first \$13.61 million (per individual) \$27.22 million (per married couple) is excluded from estate taxes with any assets over that amount taxed at the Federal Estate Tax Rate.

If you own property in another state, a living trust eliminates the need to probate that property in that state. A living trust can immediately transfer management of your property if you become incapacitated either physically or mentally. There is no need to go to court to appoint a guardian or conservator.

If you choose to create a living trust, you should also create what is called a pour-over will. It provides for the distribution of any property that is not included in the trust. It will also allow you to name a guardian for any minor children.

Source: IRS



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