Living trusts have become a popular tool for people who want to avoid the expense and delays of the probate process. However, it is not enough just to set up a trust with a McKinney estate planning attorney. To enable the trust to function as it's intended, you must also take the right steps to fund the trust.

Understanding Revocable Living Trusts and Probate

Probate is the court-supervised process of paying bills and distributing the assets of a person who has passed away. In situations when formal probate procedures are required, the court must approve many steps in the process, and it can take considerable time to settle everything. Moreover, if someone makes a mistake, they can be subject to civil liability or penalties, so most people choose to work with a probate attorney which adds further expense to the process.

To save their loved ones from having to deal with the requirements of probate, many people in Collin County set up a revocable living trust. A trust holds property for the benefit of a beneficiary, and the property is managed by a trustee. In most living trust arrangements, the person creating the trust is also the trustee and primary beneficiary. This means they control and receive the same benefits of the property as they did before the trust was created.

A living trust is set up to transfer the assets directly to alternate beneficiaries after the creator of the trust passes away. Because the assets go directly to someone, they do not need to pass through probate. However, the assets first need to be transferred to the trust, and that's where a McKinney estate planning attorney often sees people make critical mistakes. If assets are left out of the trust, they may be subject to probate.

Funding the Trust

When someone signs the paperwork to create a living trust, most of their property does not automatically become trust property. Instead, they need to take affirmative action to transfer ownership to the trust. With real estate, it is often necessary to work with an estate planning attorney in McKinney to obtain a new deed with a change of ownership. Vehicles will need a new title in the name of the trust. It may also be advisable to put the ownership of bank or brokerage accounts in the name of the trust so that alternate beneficiaries have access to those accounts.

Some accounts, however, such as IRA accounts, cannot or should not be transferred to a revocable living trust. It can be helpful to discuss various types of property with a McKinney estate planning attorney to determine whether ownership should be transferred to the trust or whether to use a different strategy to keep that asset out of probate.

Talk to a McKinney Estate Planning Attorney About Making a Living Trust Work in Your Situation

Living trusts can be great tools to save money, time, and stress. However, it is important to set up the trust properly and take the necessary steps to transfer property into trust ownership in order for the trust to do its job.

If you want to know more about how a revocable living trust could work in your situation, contact a McKinney estate planning attorney at Nordhaus and Nordhaus today for a confidential consultation.