

A McKinney will attorney frequently incorporates trust provisions in wills or recommends different types of trusts to be used in combination with a will as part of an estate plan designed to avoid probate or save on taxes. These trusts may be revocable or irrevocable.

What's the difference? And how do you know which one is right for your situation?

Differences Between Revocable and Irrevocable Trusts

A trust can be thought of as being like a bucket. It is a legal container for holding things. People in McKinney create trusts to hold property for someone else's benefit. For instance, when a McKinney will attorney drafts a will for parents with young children, the will is likely to include provisions creating a trust for the benefit of their children if they should die while the children are still minors. Property in the trust would be managed by a trustee, since the children who are the beneficiaries of the trust are too young to manage that property for themselves.

The trust controls the property, under the direction of the trustee, but all the benefits of owning that property will eventually go to the children. A trust essentially separates the responsibilities of ownership from the benefits of ownership.

When the document creating the trust sets up the trust as "revocable," then that means the person who created it can dismantle it and regain outright ownership of the property. If the trust is set up to be irrevocable, then the person who created the trust and contributed their property to it can never regain ownership and control of the assets, although they could receive benefits.

Situations Where Revocable Trusts are Common

A McKinney will attorney might recommend establishing a revocable trust to someone who wants to avoid having their estate go through the probate process. This type of trust is often called a living trust because it takes effect while the creator is still alive and it can be changed or terminated during the creator's lifetime.

With a revocable living trust, the creator usually serves as their own trustee and beneficiary, so they still control the assets and get all the benefits of ownership. The reason they would put their assets into a living trust is that when they pass away, the assets pass through the trust directly to an alternate beneficiary. That means those assets do not get tied up in probate, saving time and money.

Why Would Anyone Choose to Make a Trust Irrevocable?

A revocable trust sounds ideal, but this type of trust will not work in all situations because of legal concerns. Many different types of trusts can help the creator and the beneficiaries receive tax advantages or preserve access to government benefits. In order to gain these advantages, the law requires the trust that's set up to be irrevocable.

A McKinney Will Attorney Can Choose the

Right Trust for Your Situation

Although people often associate trusts with extreme wealth, there are actually many situations where people in all financial situations could benefit from a revocable or irrevocable trust. To learn more about how a trust could save money, stress, and time for your family, talk to an experienced McKinney will attorney at The Nordhaus Firm. A free, confidential consultation could help you understand your options and protect your future.