

WHY WOULD I WANT A REVOCABLE LIVING TRUST IN CONNECTICUT?

“You don't lose control of the assets in the trust while you are living, but after you die, the resources are distributed among the beneficiaries outside of the probate process.”



BARRY D. HOROWITZ
Connecticut Estate Planning Attorney



People sometimes harbor misconceptions about trusts. The idea is that all trusts are only useful for wealthy individuals.

In reality, this is not the case. It is true that there are some types of trusts that are used by high net worth families. This is largely due to the existence of death taxes.

There is an estate tax on the federal level. It carries

a \$5.34 million exclusion in 2014. This is the amount that can be transferred free of taxation to people other than your spouse.

You can transfer unlimited assets to your spouse tax-free, because there is an unlimited marital transfer tax deduction.

We practice law in the state of Connecticut, and there is also a state-level estate tax to contend with in our state. The state-level exclusion is just \$2 million.

People who are exposed to estate taxes often use irrevocable trusts to gain estate tax efficiency.

REVOCABLE LIVING TRUSTS

In addition to irrevocable trusts, there are also revocable trusts. Revocable living trusts are very useful for people who are not wealthy.

This type of trust would not be good for someone who is seeking tax efficiency, because assets that are held in a revocable living trust are part of your taxable estate. If you are not exposed to estate taxes, you would want to consider the creation of a revocable living trust.



There are a number of benefits that you gain when you use this type of trust. For one, you do not surrender control of assets that you convey into a revocable living trust.

While you are living, you can act as the trustee and the beneficiary. You can take monetary distributions, and you control the actions of the trust.

When you establish a revocable living trust, you create a trust agreement. In this agreement you name a successor trustee to assume the role after you pass away, and you name successor beneficiaries.

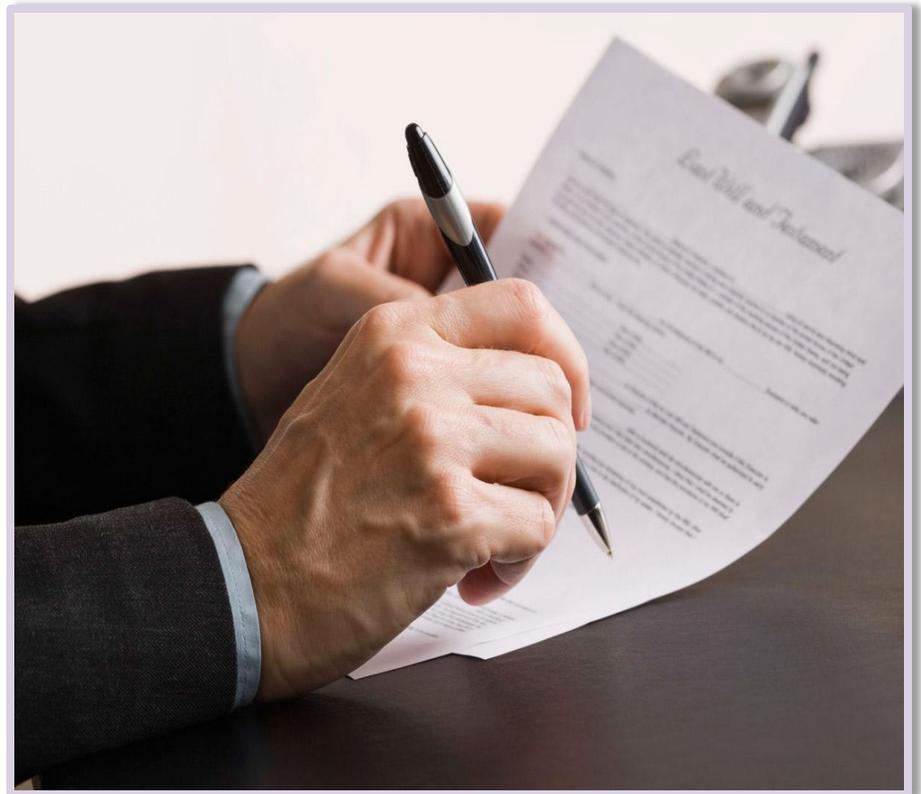
If you want to, you can empower the successor trustee to administer the trust in the event of your incapacitation. The ability to account for possible incapacitation is another advantage that you gain when you use a revocable living trust as a vehicle of asset transfer.



After you die, the trustee will follow the instructions that you leave behind in the trust agreement. Assets will be distributed to the beneficiaries in accordance with your wishes.

These distributions would take place in a timely manner, because the probate court would not be involved.

When a will is used to transfer personally held property, the will must be admitted to probate. This is the legal process of estate



administration. The executor or personal representative handles the business of the estate, but the overall administration is supervised by the probate court.

People who understand the facts often take steps to avoid probate, because it comes with certain pitfalls. For one, it opens the door for people who may want to challenge the validity of the will.

Secondly, it is a public proceeding. Anyone can access probate records to find out how your assets were distributed.

Thirdly, there are considerable expenses that can accumulate during probate. These probate costs would reduce the inheritances that would be received by the heirs to the estate.

Lastly, probate is time-consuming. It will take close to a year in simple cases, and the heirs do not receive their inheritances until the estate has been probated and closed by the court.



SUMMARY

Revocable living trusts are very useful for people who want to facilitate fast and efficient postmortem asset transfers. You don't lose control of the assets in the trust while you are living, but after you die, the resources are distributed among the beneficiaries outside of the probate process.

Probate is time-consuming and expensive, so the heirs to the estate would receive their inheritances in a much more timely and cost efficient manner if the transfers take place outside of probate.

You can also account for the possibility of latter life incapacity if you use a revocable living trust as a vehicle of asset transfer.

If you would like to learn more about revocable living trusts, schedule a consultation with a licensed estate planning attorney.

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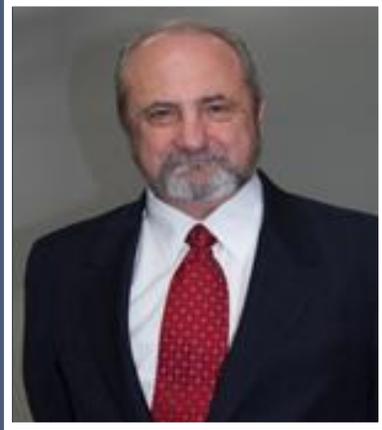
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About the Author

Barry D. Horowitz



Barry D. Horowitz is a founding partner in the law firm of Nirenstein, Horowitz & Associates, P.C. He received his diploma from the Loomis Chaffee School and his Bachelor of Arts from Bennington College, where he dual majored in philosophy and music.

Mr. Horowitz was awarded his Juris Doctor degree with honors from the University of Connecticut School of Law. While attending law school, Mr. Horowitz received the American Jurisprudence Award in Legal Ethics and the Nathan Burkan Award.

After graduation from law school, Mr. Horowitz continued his legal education at New York University School of Law where he received a Post Doctorate Law Degree in Taxation. He has also recently received a national achievement award.

Mr. Horowitz is admitted to practice before all the state courts in the State of Connecticut and the United States District Court. He is a member of the Hartford County Bar Association, a charter member of the American Academy of Estate Planning Attorneys, and has recently received the American Academy Award. Mr. Horowitz is also an active member of the Connecticut Bar Association where he is a member of the Elder Law Section, the Estate Planning and Probate Section, and the Professional Ethics Committee. Mr. Horowitz practices exclusively in the area of Estate Planning where he has earned a reputation as a dynamic and entertaining speaker. He also has recently published a book entitled "Guiding Those Left Behind in Connecticut."

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