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## Trusts Just for the Rich?

Every now and then someone will ask me, “Isn't a Living Trust only for the rich?”

The answer is: No, not at all. A Living Trust, or more accurately an Inter-Vivos Grantor Trust, is exactly what a majority of people opt for once they understand what it can accomplish. The common misconception is that trusts are only used to shelter huge amounts from taxes and pass them to future generations.

The main reasons trusts are used today are:

- 1) To avoid probate along with the time, expense, and hassle it can cause. The probate process typically takes a year to two years to complete if the estate is not complex and it is not contested. Attorney fees, probate fees, and court costs can eat up 3 to 10% of an estate.
- 2) To lessen estate taxes. Taxes can be lessened and in some cases eliminated through proper estate planning and the use of trusts.
- 3) To keep the affairs of the deceased person private. Probate is a public process. Titling assets into a trust avoids probate.
- 4) To avoid contest to a will and reduce family quarrelling. This avoids contests from disgruntled heirs.
- 5) To determine how assets are used by beneficiaries. Unlike a will, where assets are distributed without condition, gifts to beneficiaries can remain in trust after the grantor dies to be distributed in the manner specified in the trust. This is especially important for minors. Distributions can be made at specific ages and for specific purposes like education, housing, medical treatment, and they can be at the discretion of the trustee.

So, no, trusts are not for just the rich. They're for anyone who wants to avoid probate and have some control over how their gifts are used.