



# Revocable Living Trust (RLT) vs. Traditional Will

## Comparison

|                                      | Revocable Living Trust   | Traditional Will   |
|--------------------------------------|--|--|
| <i>Estate Tax</i>                    | No estate tax savings. Trust assets are included in the grantor's gross estate and subject to estate tax. The same estate tax planning methods are available as with a traditional will. | Assets owned by the decedent are included in the gross estate and subject to estate tax. The same estate tax planning methods are available as with a revocable living trust.                            |
| <i>Income Tax</i>                    | During life, the grantor pays tax on any income generated from assets held in trust. Upon the grantor's death, the trust reports income on a calendar year basis.                        | No income tax benefits during life. The estate may choose fiscal year reporting to allow deferral of income.   |
| <i>Asset Re-Titling</i>              | Substantially all of the grantor's assets must be re-titled into the name of the trust.  | No need to re-title assets.  |
| <i>Additional Required Documents</i> | A pour-over should also be executed. The pour-over will provides that any assets not in the trust's name will go to the trust upon the testator's death.                                 | No other document is required.   |
| <i>Probate</i>                       | Trust assets are not subject to probate. Ancillary probate may be avoided for property owned in other states.  | The estate (except for life insurance, retirement plans, other assets which may pass by beneficiary designation, or property owned as joint tenants with rights of survivorship) passes through probate. |

|  | <b>Revocable Living Trust</b>  | <b>Traditional Will</b>   |
|--|--|---|
| <b><i>Privacy</i></b>  | Generally, trust assets and beneficiaries remain private. Although the trust is not filed in court, some institutions (such as banks or brokerage firms) may request a copy of trust before an account may be opened.  | The estate remains private until death. Upon the testator's death, there is a public record of estate assets and the beneficiaries.                               |
| <b><i>Real Estate Held in Multiple States</i></b>                    | Multiple probate proceedings may be avoided for real estate held in more than one state. A separate RLT may be required for the out of state property.   | Ancillary probate proceedings may be required in each state where real estate is held.  |
| <b><i>Transfer of Assets to Beneficiaries at Grantor's Death</i></b> | Trustee continues to administer assets under the terms of trust.   | Executor must wait until the will is probated to begin estate administration. Assets such as life insurance or retirement plans pass directly to the beneficiary. |
| <b><i>Fees</i></b>   | Setting up a trust, and transferring assets may incur substantial legal fees. Upon the testator's death, fees may also be incurred to transfer assets that pour into the trust.  | Upon death, legal fees are generally incurred to probate the will. In some states the fee is a percentage of estate assets.                                       |
| <b><i>Length of Estate Administration</i></b>                        | Administration may be quicker, depending on the complexity of the trust and the assets.  | Statutes require that that the testator's estate be fully administered generally within 3 years.  |
| <b><i>Creditor Protection</i></b>                                    | Assets are not protected from the grantor's creditors. Upon the grantor's death, unless notice is published, unknown creditors are generally allowed one year to file a claim. If notice is published, unknown creditors have generally four months to file a claim. Notice should be mailed to known creditors. | Unknown creditors' claims are generally barred 4 months after notice is published. Notice must be published or mailed to known creditors.                         |
| <b><i>Grantor's Incapacity</i></b>                                   | May provide for management of trust assets in the event of the grantor's incapacity.   | Does not provide for third-party asset management during life. Management of assets may be accomplished through a power of attorney.                              |



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