



Funding a Revocable Trust

What is a revocable trust?

A revocable trust has the “**who gets what**” provisions. Upon the grantor’s death, the successor trustee distributes the property in accordance with the revocable trust’s “**who gets what**” provisions.

Avoiding probate.

Upon the grantor’s death, property held in the revocable trust bypass probate, meaning the property can pass to heirs without involving the courts, which can be time-consuming and expensive.

What is probate?

Probate is a court-supervised process by which a deceased person’s creditors are paid and the decedent’s property is distributed to the persons who are entitled to it.

How does a revocable trust avoid probate?

Property that is titled in the decedent’s name at the time of death must pass through probate (unless it was held in joint tenancy with right of survivorship or subject to a beneficiary designation).

Property that is held in a revocable trust is not titled in the name of the decedent. It is titled in the name of the trust. It is therefore not subject to probate. The decedent’s property must be held in the revocable trust (i.e., titled in the name of the revocable trust) to avoid probate.

Property that is not held in the revocable trust will have to pass through probate, unless it is held in joint tenancy with right of survivorship or subject to a beneficiary designation.

What should I do after I sign my revocable trust?

1. Make a list that includes the following:
 - a. Your property
 - i. Real estate
 - ii. Checking and savings accounts
 - iii. Brokerage accounts
 - iv. Retirement accounts
 - v. Etc.
 - b. Current ownership
 - i. Individual name
 - ii. joint tenants with right of survivorship
 - iii. etc.
 - c. Estimated equity
2. Make a list that includes the following:
 - a. Life insurance
 - i. Type of policy
 1. Whole/term
 - ii. Insurance company
 - iii. Policy number
 - iv. Life insured



- v. Death benefit amount
 - vi. Beneficiaries
3. Title all property in the name of your revocable trust, in joint tenancy with right of survivorship or a beneficiary designation.

What are examples of titling property?

1. Title checking and savings accounts in the name of your revocable trust or sign a payable on death account, which designates beneficiaries of the accounts. On your death, the property held in a payable on death account is transferred to the beneficiaries.
2. Title your personal residence in the name of your revocable trust or in joint tenancy with right of survivorship. If there is a mortgage on your personal residence, then obtain consent from the lender prior to re-titling your personal residence.
3. Title other real estate in the name of your revocable trust or in joint tenancy with right of survivorship. If there is a mortgage on your other real estate, then obtain consent from the lender prior to re-titling your other real estate.
4. Confirm the beneficiary designations on your life insurance and retirement accounts.

Are there any other considerations?

If you have property with significant equity (e.g., your personal residence or a bank account with a significant cash balance), then consider asset protection tools to protect the equity.