



# Do you need a trust?

While basic estate planning starts with a will, trusts can help you achieve important goals beyond what a will can do. Trusts have a more complex legal structure than a will, and, unlike a will, trusts can be created to take effect either before death, after death or in the event that you become incapacitated. It's important to consult with an estate attorney before deciding to use a trust.

## What trusts allow you to do

- 1. Avoid probate:** You can use a trust to shield at least some of your assets from having to go through probate before the assets get handed down to your survivors. Probate is an often long and costly process in which a court rules on the validity of your will.
- 2. Achieve a variety of goals:** You can use a trust to transfer property, help minimize estate taxes, preserve assets for minors until they are adults or benefit a charity.
- 3. Create detailed instructions for handling your assets before or after your death:** You can direct how, when and to whom your assets will be distributed. In addition, there are special-use trusts that can each serve a specific purpose, such as charitable giving or tax reduction.
- 4. Protect your assets in a divorce:** Assets that you want to hand down to your children can be placed in a trust for safekeeping in the event of a divorce. A trust offers greater protection than a prenuptial agreement, which can be subject to a legal challenge.
- 5. Safeguard against civil litigation:** Transferring assets to a trust can potentially shield these assets from damage claims sustained in a lawsuit against you.

Trusts come in many different forms, but two types are especially important to become familiar with: revocable and irrevocable. Generally speaking, a **revocable trust** refers to a living trust that can be modified or revoked by the grantor, the person who establishes the trust. The terms of an **irrevocable trust** cannot be modified, amended or terminated without the permission of the grantor's beneficiary or beneficiaries.

For general information about trusts, call an EY financial planner. For more personalized guidance, talk with your estate attorney.

Pension Boards-United Church of Christ provides access to financial planning through Ernst & Young LLP (EY) at **no cost to you.**

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