REVOCABLE LIVING TRUST FAQs

What is a Revocable Living Trust?

A Revocable Living Trust is a legal document drafted during your lifetime that states how you want your assets managed and distributed upon your death, or in the event of your incapacity. Trusts help avoid probate, conservatorship proceedings, and maintain post-death control of assets.

What is probate?

Probate is the court-supervised process of administering a deceased person's estate in absence of a trust. This generally involves collecting a deceased person's assets, paying debts, taxes and then distributing remaining assets to heirs. Probate varies by state and even county to county, but certain things are universally true.

- **Probate is a public process** with wills (if there is one) and heirs listed for anyone to access or solicit.
- **Most jurisdictions have lengthy wait times** before distributing your money to heirs/beneficiaries.
- While court fees and probate taxes are generally reasonable, **they can erode the amount your loved ones receive** from your estate.

How is a trust different from a will?

While a will can be an important estate-planning tool, its power only takes effect upon death. A trust, on the other hand, allows your back-up trustee to carry out your wishes in the event of your death or incapacity, including illness.

Why is it important to plan ahead for incapacity?

Without a plan in place, the court will appoint an individual ("guardian" or "conservator") to act on your behalf, if you are no longer able to handle your own affairs.

What are the steps involved in setting up a trust?

1. Generally, you (the "grantor") establish a trust that includes all of your probate assets, and name yourself as both trustee and sole beneficiary for your lifetime.

2. You designate a back-up trustee who will step into your shoes when you can no longer serve due to death or incapacity.

3. You identify your beneficiaries, who will receive assets from the trust upon your passing.

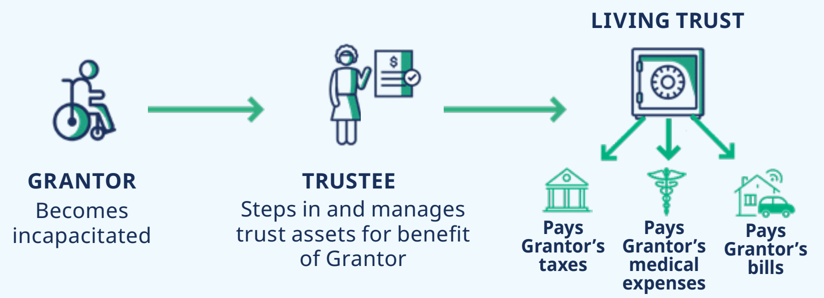
4. For a trust to fulfill its objectives, you must then "fund" the trust by transferring legal title of certain assets from your name to the name of the trust.

5. As the grantor--provided you have capacity--you continue to manage, own, and pay taxes on trust assets during your lifetime. In other words, you do not need to file a separate tax return for the trust.

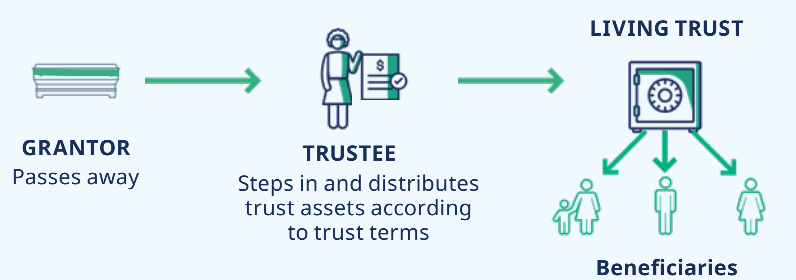
How does a trust work?

FUNDING THE TRUST

UPON GRANTOR'S INCAPACITY



UPON GRANTOR'S DEATH



Who needs a trust?

Anyone looking to preserve family harmony

Anyone with loved ones with special needs

Anyone with children from a former relationship

Anyone with loved ones who are irresponsible with money

Anyone wanting to plan for incapacity

Anyone with no/distant kids

What does a trustee do?

Possible Actions of a Trustee

Notify Creditors
Notify creditors of decedent’s death; pay debts

Communicate Often
Provide written notice to beneficiaries

Collect & Appraise Assets
Collect assets; conduct appraisals to determine value

Provide Accountings
Provide accountings to beneficiaries

Secure & Sell Property
Change locks on trust properties; prepare for sale

File Taxes
File income taxes and federal death taxes if necessary

Distribute Assets
Distribute remaining assets to beneficiaries

What are the benefits of a corporate trustee?

Objectivity.
A corporate trustee has the emotional sensitivity to handle legal and financial matters and communicate with beneficiaries with confidence and compassion.

Family Harmony.
A corporate trustee is fair and staffed with legal and investment professionals who have an obligation to act in the best interest of your beneficiaries.

Peace of Mind.
A corporate trustee is regularly audited to ensure the appropriate policies and procedures are in place for proper trust administration.

What are the benefits of designating Members Trust Company as your trustee?

One of the most important decisions you can make is the selection of a trustee. Members Trust Company's ownership and shared mission with credit unions make it the ideal choice for anyone looking to relieve their family of the burden of dealing with the complex details of trust administration, fulfilled with the stewardship and sensitivity every family deserves.

Who is Members Trust Company?

Founded in 1987 by America's Credit Unions for credit unions, their members and the general public, Members Trust Company is the first national trust and investment firm providing financial stewardship, investment and trust services with "Main Street" member-centric *value and values*... even for non-credit union accounts. Our sole mission is to help you protect your hard-earned assets, achieve your financial aspirations and to ensure your financial legacy thrives, which is where the Wall Street expertise comes in. Our team of investment professionals has been continually recognized in the industry as innovators and subject matter experts in trust and investment solutions, big and small.

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