



Some Basic Questions About Trusts – Part 1

In past articles, we've covered some of the fundamentals of trusts and fiduciary services available to members through Alpena Alcona Area Credit Union and Credit Union Trust. This article is based on questions from members. It is designed to broaden the understanding of trusts and how they can benefit members.

What is a Revocable Living Trust?

A trust is a legal entity created to hold ownership of a person's assets. A trust that is created while a person is still alive is called a "living" trust. "Revocable" living trusts are "living" because they are made during one's lifetime, and "revocable" because they can be changed as a person's circumstances or wishes change.

A revocable living trust is often simply called a living trust. The person who forms the trust is called the "grantor." A trustee is appointed and manages the assets placed in the trust for the benefit of one or more beneficiaries. At some point beneficiaries receive property held in the trust. A grantor can also be both the trustee and beneficiary of a living trust, and in that way can retain management control over the property placed into a trust.

How does a Revocable Living Trust work?

When a trust is created and a trustee is appointed, that person manages the assets in the trust. On the grantor's death the trust becomes irrevocable, the terms of the trust cannot be changed, and beneficiaries are awarded assets held in the trust per the wishes of the grantor. On the death of a grantor who is also the trustee and beneficiary, the duties and obligations of managing the trust shift to a successor trustee previously named by the grantor.

What are the benefits of a Revocable Living Trust over a Last Will and probate court?

Probate court often brings additional expenses, delays and loss of privacy to families of the deceased and beneficiaries. A trust helps survivors avoid many of those expenses, and beneficiaries will usually have unrestricted and uninterrupted access to income and assets without interference from the court. Probate court is also a public record and there is a loss of privacy when utilizing the court, that many wish to avoid. A revocable living trust can also be set up to smoothly manage a person's affairs in case of temporary disability.

What are the drawbacks of a Revocable Living Trust?

A Living Trust can take more effort to set up and maintain or modify. Title to all property must be individually transferred to the trust. This includes land, holdings, accounts, securities and various collections. In many cases a last will is combined with a trust to distribute any remaining possessions not contained in the trust.

Where can members go for more information?

Credit Union Trust was established by Alpena Alcona Area Credit Union to serve the needs of our members by providing trust and other related services at the critical times in life when they're needed. Credit Union Trust has an experienced team of professionals that are here to help with all such trust and family planning needs for today and future generations. If you would like to learn more or speak to a Alpena Alcona Area Credit Union-Credit Union Trust advisor, please contact us at Alpena Alcona Area Credit Union or call Credit Union Trust at (877)-730-6109.