

# Revocable Trust Overview

**Generally.** Planning a Revocable Trust during your lifetime serves several functions. Unlike the administration of a basic Will, the administration of a Trust requires little to no court supervision. That is, your estate will avoid probate provided the assets are properly titled on your death, or your successor Trustee moves those assets into your Trust shortly following your death. Because a Trust is not generally administered by the court, it also allows for greater confidentiality since your personal financial records are not circulated throughout the Probate Division of your county. A Trust also provides continuity of management of your assets before and after your death because, unlike the administration of a Will, there is no delay between your death and the empowerment of a Personal Representative to act on your behalf (typically, when one dies, all assets are frozen and until a Personal Representative is formally appointed by the court, there can be no access to the decedent's assets). Finally, and most importantly, a Trust allows you take advantage of some important tax benefits on both Federal and State levels.

**Documents.** Usually, a standard Revocable Trust package contains five documents, along with explanatory documents which will be presented to you in a book for easy reference: a Revocable Trust, a Marital Property Agreement, Will(s), a Power(s) of Attorney for Health Care, and a General Durable Power(s) of Attorney. Also provided is a Summary of your Estate Planning Documents, Funding Instructions (detailing how to fund your Trust and keep records), and Instructions as to what actions must be taken upon a death. More information about some of these documents appears below.

**Revocable Trust.** Creation of a Trust is simply changing the way in which your assets are titled. All of your property would then be held in the name of the Trust rather than held by you individually. However, while you are still living, you will continue to report income as you always have: under your social security number(s). You may also amend the Trust at any time during your (joint; if a married couple) lifetime(s). Assets transferred into a Trust will likely avoid probate administration. You may also hold property located in other states within your Wisconsin Revocable Trust to avoid probate in another jurisdiction, which can be costly as well. Most of all, a Revocable Trust allows a married couple to take advantage of some important estate tax exclusions. If your total estate would exceed the federal taxable limit, holding your assets in a Trust could save significant money for your family.

**Marital Property Agreement.** This document serves several purposes for married couples. It will assist you in avoiding probate by allowing your surviving spouse to transfer assets into your Trust which have, until that time, not been transferred. It also allows you to opt in to Wisconsin's Marital Property Law so that your non-deferred investments and capital gain type assets can receive favorable income tax treatment in the even of a death of either or both of you.

**Conclusion.** A Trust plan is generally recommended for individuals whose assets would potentially create a taxable situation, for individuals who own additional real estate outside of Wisconsin, or for those individuals who wish to avoid probate proceedings altogether for privacy or cost reasons. Probate proceedings can, on their own, be costly, and choosing a Trust can help to eliminate a significant part of that cost, as well as guard your personal information from third parties while taking advantage of some important tax benefits.

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