

The “Daily Plan-It™”

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Beyond Taxes — Basic Reasons Why Clients Should Consider a Living Trust

The Revocable Living Trust (RLT) is arguably the simplest and most powerful estate planning tool for wealth protection.

All too often, advisors only consider the RLT as a tool to lessen a client’s federal estate tax burden. But an RLT can do so much more than address taxes.

Sometimes we are so focused on the complex benefits of this tool that we can often miss the simple yet powerful advantages that are often overlooked.

Taxes Aren’t Everything

When I interview new clients about their estate planning concerns, they may mention lower taxes, but they have other important reasons why they need help.

Ultimately, clients want control over who (*their heirs*) gets what, in what amount it’s disbursed and under what circumstances. They also want to know that their loved ones will be well provided for and protected from outside predators (*lawsuits, ex-spouses, and creditors*) seeking a piece of the estate.

One of the most compelling reasons for establishing an RLT is to avoid probate court.

Save on Time, Money and Emotions

Unless your client establishes a Trust to hold the assets upon his death, those assets can only be transferred to his beneficiaries through probate court.

The amount of time your client’s estate is tied up in probate court can take months to years. This is time that your client’s heirs are not benefiting from the assets your client intended for them.

Establishing an RLT and properly funding it can eliminate the need for probate court altogether. After death, the assets are disbursed according to the instructions your client set up in the Trust.

Three Big Savings to Your Client

In discussing RLTs with clients, there are usually three major savings that should be shared. First, the avoidance of probate allows the client to reduce legal fees and pass on the savings to the family.

Second, the time it takes to administer the estate is reduced substantially. In certain cases, it can reduce the time by half.

Third, since the RLT simplifies the process for the beneficiaries, it can reduce the stress associated with a messy and long after-death administration. Nothing exacerbates a grieving family more than a grueling wait for an estate to be settled. Their mourning is extended and they can’t get closure.

In short, any of these reasons are strong enough to suggest that your client establish an RLT.

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GARY R. WAITZMAN



LAW OFFICES OF
GARY R. WAITZMAN

Law Offices of Gary R. Waitzman, L.L.C.

250 Parkway Drive, Suite 130

Lincolnshire, IL 60069

847.719-1300

Fax: 847.719.1301

gary@grweplaw.com



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