

THE RISELING REPORT

EXCLUSIVELY FOR THE ESTATE PLANNING PROFESSIONAL

TEN FREQUENTLY ASKED QUESTIONS ABOUT REVOCABLE LIVING TRUSTS

1. IS THERE A "MINIMUM" SIZE ESTATE REQUIRED FOR A REVOCABLE LIVING TRUST TO BE NECESSARY? NO. A Revocable Living Trust is absolutely the best estate plan for any size estate. Smaller estates may receive a greater proportional benefit from using a Revocable Trust than larger estates, since there is no minimum size estate which will avoid probate.

2. CAN I CHANGE A REVOCABLE LIVING TRUST ANY TIME I WANT? YES. A Revocable Living Trust can be changed or completely revoked by you any time you wish. Typically, the cost of Amendments are very small compared to the initial cost of establishing the Trust.

3. HOW DOES A REVOCABLE LIVING TRUST AVOID PROBATE? A Revocable Living Trust avoids probate when your assets are titled in the name of the Trust because there is no change in asset title because of death. The only change to a Revocable Living Trust is a change in Trustees or Co-Trustees. Contrast this to an estate where property is titled in the name of the decedent. One of the purposes of the probate is to transfer title of that property to other people; a Revocable Living Trust does this for you privately and easily -- without the necessity of a court procedure!

4. DO I NEED A PROFESSIONALLY PREPARED REVOCABLE LIVING TRUST? Although you can buy preprinted "forms," "how to do it" books and computer software, I always recommend that you seek professional guidance in estate planning. This is one of the most important decision you make in your lifetime and it impacts all your assets. It seems foolhardy and risky to take a chance with everything you have worked your lifetime to acquire. The cost of a Revocable Living Trust is minimal compared with the total value of your estate; this cost is a one-time charge and is often cheaper than the cost of house insurance for one year.

5. IS THERE A CONTINUING CHARGE FOR MAINTAINING A REVOCABLE LIVING TRUST? NO. Once your Revocable Living Trust is established, there is no annual fee or maintenance charge unless you use a bank or trust company as Trustee. You may have questions from time to time which need to be answered by a lawyer or accountant, but you control this; there is no "automatic" annual maintenance fee.

6. CAN A REVOCABLE LIVING TRUST SAVE ESTATE TAXES? Yes, a Revocable Living Trust can be a very effective way to save thousands of dollars in estate or inheritance taxes, in addition to avoiding probate. In order to save inheritance taxes, your trust must be properly written. Again, this is not something which you should try to do yourself; the services of a qualified professional are well worth the cost.

7. WHAT ARE THE ESTATE TAX SAVINGS? The amount of estate or inheritance tax saved depends on the size of the total marital estate. Potential estate tax savings can be exceed \$400,000.00 ----- certainly worth looking at!

8. DO I HAVE TO USE A BANK OR TRUST COMPANY AS TRUSTEE OF MY REVOCABLE TRUST? No, in most cases you will want to be your own trustee. You may even want to name children or other family members as successor trustees in the event of your death or incapacity. On the other hand, a bank or trust company can provide an extremely valuable service when it comes to managing money, making investments or serving as trustee when a suitable family member is not available.

9. HOW MUCH DOES A REVOCABLE LIVING TRUST COST? The cost of a top quality Revocable Living Trust should range from \$2,000 to \$3,000 -- FOR A COMPLETE QUALITY JOB! The actual fee depends upon who is performing the service and what is included. You should insist on an accurate fee quotation prior to retaining an attorney to prepare your Revocable Trust and you should obtain a list of what items are included for that fee. A complete estate plan includes a Revocable Living Trust, "Pour Over" Will, Durable Power of Attorney, Directive to Physicians ("Living Will"), transfer of assets to your trust and full instructions and information regarding the use and operation of your Revocable Living Trust.

10. CAN AN ESTATE BE "TOO SMALL" FOR A REVOCABLE TRUST? No, a Revocable Living Trust is simply the best estate planning tool for any size estate. In fact, the cost of probate may be more hazardous to smaller estates than to larger estates. In smaller estates, it is not uncommon for children to assist their parents in establishing a Revocable Living Trust to avoid the cost (\$4,000 plus) and the delay of probate.

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