

# UNDERSTANDING PROBATE, WILLS, AND TRUSTS

## What is probate?

- Court-supervised process that:
- Verifies the will's authenticity
  - Pays off any outstanding bills
  - Distributes the estate's assets

## What are the drawbacks?

- Probate can be long and expensive
- A will and power of attorney are less effective than a trust in the event of incapacity
- Probate proceedings are a matter of public record
- Property in different states requires individual probate processes

## What is a will?

- A legal instrument
- Permits a person, the testator, to make decisions on how his estate will be managed and distributed after his death

## Why choose a will?

- Simplicity during your lifetime
- Choice in guardians for your children
- Control over how your assets are distributed
- Typically less expensive than a trust
- Helpful in resolving credit issues or challenges to a will
- Your plans may change over the years
- You anticipate a challenge to your estate
- You prefer not to use trusts

## What is a trust?

- A legal arrangement that involves three parties:
- The grantor of the trust
  - The trustee
  - The beneficiaries

## Why choose a trust?

- Assets are owned by the trust, not your estate
- If you should become unable to handle your own affairs, a co- or successor trustee can take control
- At your death, the property passes according to the trust terms, without going through probate

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