

SHANGHAI SHARK NEWSLETTER

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FAQ - Living Trust

Q: What is a probate?

A: Probate is a legal process that usually involves filing a deceased person's will with the local probate court, taking an inventory and getting appraisals of the deceased's property, paying all legal debts, and eventually distributing the remaining assets and property. This process can be costly and time-consuming.

Q: What is a living trust?

A: A trust is a legal arrangement where one person (the "grantor") gives control of his property to a trust, which is administered by a "trustee" for the "beneficiary's" benefit. The grantor, trustee and beneficiary may be the same person. The grantor names a successor trustee in the event of incapacitation or death, as well as successor beneficiaries. A living trust, created while you're alive, lets you control the distribution of your estate.

Q: Why do I need a living trust?

A: 1. To avoid the costly and time-consuming probate; Probate takes a year. With living trust, it only takes a few weeks. Attorney fee for probate usually is much higher (% of estate value) than living trust.

2. To reduce estate taxes.

3. To maintain privacy. Unlike a will, a living trust is not a public record.

Q: What types of living trusts are there?

A: There are several types of living trust – individual living trust, basic shared living trust and AB trust.

Q: Could I (grantor) change the content of living trust during my life?

A: Yes. You can revise, amend or revoke the trust during your life as long as you are legally competent. However, after your life, the living trust can no longer be revoked or altered.

Q: Do I still need a will after having a living trust?

A: Yes. The will covers properties you did not include in the living trust.