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Providing independent administrative trustee services to our clients all across this great nation.

What is the Difference Between a Will and a Trust?

The two most common documents in an estate plan are a “will” and a “trust.” While most people have heard of wills and trusts, many do not understand the differences between them. This post will explain the benefits and drawbacks of wills and trusts to help determine which one is right for you.

The Benefits of a Will:

- A will can be easy to set up and less expensive than a trust.
- A will is used to appoint an executor and name beneficiaries.
- Assets do not need to be retitled out of your own name.
- A will identifies the disposition of “probate” assets.
- A will can appoint a guardian for minor children. *Guardians can only be appointed in a will, not by a trust.

The Drawbacks of a Will:

- Lack of privacy. A will becomes part of public record.
- A will may have costly probate fees. Probate can cost 5-6% of the value of an estate (depending on complexity). A will typically involves a longer process to distribute assets as well as all actions must be approved by the court for the protection of the executor and to provide transparency to the beneficiaries.

The Benefits of a Trust:

- Privacy is preserved. Trusts are not public documents.
- Typically, there is no involvement of the court. After the settlor passes away, the successor trustee is in immediate control to dispose or hold the assets as set forth in the trust.
- A trust is used to appoint a successor trustee and name beneficiaries.
- Assets can be held in trust for multiple generations.
- A guardianship of the estate is avoided as successor trustee can step in if the client were to become incompetent.
- A trust can protect heirs from creditors, including divorcing spouses.
- A trust can be set up for a specific purpose, such as to protect spendthrift beneficiaries, pay for grandchildren’s education, provide for a special need’s child, or provide donations to a charitable organization.

The Drawbacks of a Trust:

- A trust is more expensive to set up than a will.
- Creating a trust does take some time and effort.
- Assets must be retitled into the name of the trust.

While both wills and trusts can handle the transfer of assets to heirs, only trusts can minimize the costs associated with probate, last for multiple generations, and protect heirs from creditors.

Your Local Trust Administration

Premier Trust can serve as executor of a will, in Nevada, and a corporate trustee of trusts all over the United States. To learn more about wills and trusts, please send us an email at info@premiertrust.com, give us a call at 702-577-1777, or download our Wills v. Trusts PDF.



Wills vs. Trusts

Will

Revocable Living Trust

Cost	<ul style="list-style-type: none"> • Less expensive to set up than a trust • Assets do not need to be retitled • Probate: Court costs and attorney fees <ul style="list-style-type: none"> • Probate can cost 5 -6% of the value of an estate (depending on complexity) 	<ul style="list-style-type: none"> • More expensive to set up than a will • Assets must be retitled into the name of the trust • No probate/court process: Successor trustee is in immediate control of the assets
Privacy	<ul style="list-style-type: none"> • Lack of privacy: A will becomes part of public record 	<ul style="list-style-type: none"> • Privacy is preserved: Trusts are not public documents
Benefits	<ul style="list-style-type: none"> • Used to appoint an executor and name beneficiaries • Assets typically are distributed free of trust once probate is complete (unless the will creates a testamentary trust at death) • All actions are approved by the court for the protection of the executor and transparency to the beneficiaries 	<ul style="list-style-type: none"> • Used to appoint a successor trustee and name beneficiaries • Asset can be held in trust for multiple generations • Successor trustee is in immediate control to dispose or hold the assets as set forth in the trust • A guardianship of the estate is avoided as successor trustee can step in if the client were to become incompetent • Can protect heirs from creditors, including divorcing spouses • Can set up a trust for a specific purpose, such as to protect spendthrift beneficiaries, pay for grandchildren's education, provide for a special needs child, or provide donations to a charitable organization
Minors	<ul style="list-style-type: none"> • Can appoint a guardian for minor children 	<ul style="list-style-type: none"> • Guardians can only be appointed in a will, not by a trust • Typically a client should have a "pour-over will" and a trust that work together to create a complete estate plan

While it is clear that both wills and trusts can handle the transfer of assets to heirs, only trusts can minimize the costs associated with probate, last for multiple generations, and protect heirs from creditors.



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