

BUSINESS

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Living trust may be better than will

ed, breaks on tax positive factors

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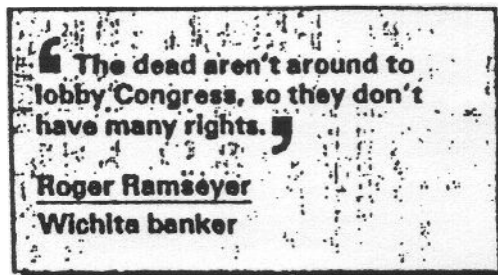
Living trusts have gotten a lot of attention recently as a way to cut costs and hassles of transferring an estate to survivors.

And for good reason. When compared with a will, a living trust often can offer a faster, more private way to transfer your estate to your heirs without all of the probate costs associated with a will.

"They're not so much a trend as they are the future," said Phillip Watson of the trust department at Bank IV Wichita. "There are some very dramatic advantages there."

Estates of people who die with wills must go through probate proceedings, which can cost as much as 20 percent of the total value of the estate and usually takes a minimum of several months to complete. During that time, heirs almost always have to wait for the money.

In contrast, a living trust doesn't automatically go through the courts, meaning that assets can get



to heirs more quickly. And, while you might not duck all federal estate and income taxes, you will avoid those nasty probate charges by having a successor trustee distribute the assets in the trust according to your instructions.

A trust also is more difficult to contest in court than a will — that might mean your wishes are more likely to be met.

If your situation is right, some significant estate tax savings also can be had through a trust — especially if you have a larger estate. "With estate taxes as high as they are, people with estates of over \$600,000 are foolish if they're not taking ad-

vantage of the living trust," said Roger Ramseyer, assistant vice president for trust marketing at Bank IV Wichita.

When the value of your estate reaches \$600,000, steep federal estate taxes — starting at about 33 percent and escalating to 55 percent — can kick in. That, combined with probate costs that can sometimes go as high as 15 percent of the estate's value, has the potential to eat up most of your assets in a hurry.

"The dead aren't around to lobby Congress, so they don't have many rights," Ramseyer said.

Unlike a testamentary trust, which takes effect upon your death, you create a living trust while you are still alive. Most are revocable, meaning you can amend or halt it whenever you wish.

Although some may be intimidated by the idea of setting up a trust, experts say a revocable living trust is a safe mechanism that allows you to maintain control over your assets while planning for the future.

One of the best ways a revocable living trust can help save big money in estate taxes is when a couple has a larger estate. Today, many couples

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