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# Financial Now and Later Newsletter and Blog

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## Understanding Wills and Trusts

When considering estate planning, many people wonder whether they need a will, a trust, or both. Each has its own purpose and benefits, and your decision will depend on your individual circumstances, goals, and assets.

### Wills

A *will* is a legal document that outlines how you want your assets distributed after your death. It also allows you to appoint a guardian for minor children and specify your final wishes.

#### Benefits of a Will:

1. **Simplicity:** Wills are generally straightforward to create and can be updated as needed.
2. **Guardianship:** You can appoint guardians for your minor children, ensuring they are cared for by someone you trust.
3. **Probate Guidance:** Wills provide clear instructions for the probate process, helping to minimize family disputes.

#### Limitations of a Will:

- **Probate Process:** Wills must go through probate, which can be time-consuming and costly.
- **Public Record:** Once filed for probate, your will becomes a public document.

### Trusts

A *trust* is a fiduciary arrangement that allows a third party, known as a trustee, to hold and manage assets on behalf of beneficiaries. Trusts can be established during your lifetime or upon your death.

#### Benefits of a Trust:

1. **Avoiding Probate:** Assets in a trust bypass the probate process, allowing for quicker distribution to beneficiaries.
2. **Privacy:** Trusts are private documents and do not become public records.

3. **Control and Flexibility:** Trusts can offer more control over how and when your assets are distributed.
4. **Tax Benefits:** Certain types of trusts can provide tax advantages.

### **Limitations of a Trust:**

- **Complexity and Cost:** Setting up a trust can be more complex and expensive than drafting a will.
- **Maintenance:** Trusts require ongoing administration and management.

### **Do You Need Both?**

In many cases, having both a will and a trust can be beneficial. A will can cover any assets not included in your trust and address other issues, like guardianship for minors. A trust can manage specific assets and provide a mechanism to avoid probate. Consulting with an estate planning attorney can help you determine the best approach for your situation.

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