

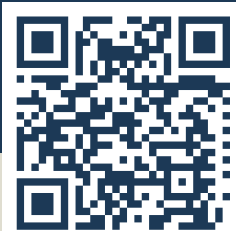


REVOCABLE VS. IRREVOCABLE TRUSTS

Category	Revocable Trust	Irrevocable Trust
Ability to Change	Can be amended, modified, or revoked at any time while the grantor is alive.	Cannot be changed or revoked once created (<i>except in rare cases via court order or special provisions</i>).
Ownership of Assets	Grantor retains full ownership and control of all assets placed in the trust.	Trust becomes the legal owner and the grantor gives up control and beneficial ownership.
Tax Treatment (Estate Taxes)	Assets remain part of the grantor's taxable estate and do not reduce estate tax.	Assets are generally removed from the grantor's taxable estate.
Tax Treatment (Income Taxes)	Grantor typically reports all trust income on their personal tax return.	Trust may file its own tax return and income may be taxed to the trust or beneficiaries depending on the structure.
Creditor Protection	No protection because creditors can access assets since the grantor maintains control.	Strong protection because assets are not legally owned by the grantor.
Medicaid or Long-Term Care Planning	Not useful because assets are still considered available to the grantor.	Useful because assets may be excluded after the applicable look-back period (<i>typically 5 years</i>).
Privacy	Provides privacy and avoids probate keeping asset distribution confidential.	Also provides privacy and avoids probate.
Primary Purpose	Simplifying estate administration avoiding probate and maintaining control during life.	Asset protection tax reduction gifting strategies and long-term care planning.
Flexibility	Very flexible. Terms can be adjusted as life changes.	Rigid and changes typically require legal action (<i>decanting or court approval</i>).
Control During Lifetime	Grantor retains full control and can act as trustee.	Grantor cannot control trust assets or act as sole trustee.
Beneficiary Designation	Can be changed at any time.	Beneficiaries are usually fixed once the trust is created.
Use for Special Needs Planning	Usually not used for special needs because too much control is retained.	Commonly used for special needs trusts to preserve government benefits.
Asset Protection for Beneficiaries	Limited protection depending on distribution terms.	Strong protection and assets can be protected from creditors divorces and lawsuits.
Cost and Complexity	Generally cheaper + simpler to set up and maintain.	More complex and costly because of legal tax and administrative requirements.

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Have Questions on Trusts or Estate Planning?
Schedule a 15-Minute Discovery Call to Discuss!



www.assetstrategy.com/contact

781-235-4426

info@assetstrategy.com