



How Does a Revocable Living Trust Work?

A revocable trust, also known as a living trust, is a legal entity. Think of it as a room, where you put all of your assets. When the trust terminates, the assets are taken out and given to the people who inherited them.

The probate process is triggered when assets are left without an owner. I'm Marina, I own a house, I die, the house is left without an owner, and the probate is triggered. When I create my trust, I transfer title of my house to my trust, and when I die, my house continues to be owned by my trust. Since it's not left without an owner, the probate process is never triggered.

The trust becomes effective immediately upon execution, but has no effect on your estate while you are alive: you can sell your current house, buy new house, move money around, and disinherit your children should they misbehave. In CA, the trust should have no effects on any of your taxes, and you'll continue filing the same way as before.

In California, if you have children and/or own real estate, I strongly recommend you consult with an attorney to see if a trust is right for you.

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