# FUNDING YOUR REVOCABLE LIVING TRUST

## Why Funding Your Trust Matters

Creating a Revocable Living Trust is only the first step in avoiding probate and ensuring your estate plan works as intended. Your trust must also be properly funded. Assets that are not transferred to your trust or coordinated through proper beneficiary designations may still be subject to probate at your death.

Because trust funding is a critical part of your estate plan, we encourage you to review your assets carefully and complete the necessary ownership and beneficiary designation changes as soon as possible.

While Mazenko Law Firm can provide guidance regarding trust funding, you are responsible for completing the transfers and beneficiary updates necessary to fund your trust.

## General Funding Guidelines

Most assets can be integrated into your estate plan in one of three ways:

1. Retitling the asset in the name of your Revocable Living Trust;
2. Naming your Revocable Living Trust as the beneficiary of the asset; or
3. Naming individual beneficiaries directly on the asset.

The appropriate method depends on the type of asset involved and your specific estate planning goals.

Your financial advisor, accountant, investment professional, insurance agent, or other financial institution may assist you with ownership transfers and beneficiary designation changes. Because certain transfers may have tax consequences, you should consult your tax advisor before making any changes.

The information contained in these instructions is intended to provide general guidance and may not address every type of asset or transfer situation. If you have questions regarding a specific asset, please contact Attorney Mazenko.

## Using Your Certificate of Trust

Your estate planning documents include a Certificate of Trust. Many financial institutions require proof that your trust exists before allowing ownership changes.

Some institutions provide their own certification forms. If they do not, you may provide them with a copy of your Certificate of Trust. This document confirms the existence and authority of the trust without disclosing the private terms of your estate plan.

## Tax Identification Number for Your Trust

While you are serving as Trustee of your Revocable Living Trust, your trust generally uses your Social Security Number as its taxpayer identification number.

In most cases, you do not need to obtain a separate tax identification number or file a separate income tax return for your Revocable Living Trust during your lifetime.

# FUNDING SPECIFIC TYPES OF ASSETS

## Investment and Brokerage Accounts

If you own stocks, bonds, mutual funds, or other investments through a brokerage account, contact your financial institution and request that the account be retitled in the name of your trust.

If the institution makes retitling difficult or impractical, naming your trust as the beneficiary of the account may be an acceptable alternative. Consult your financial advisor regarding the best approach for your circumstances.

## Stock and Bond Certificates Held Outside a Brokerage Account

If you possess original stock or bond certificates, there are generally two options:

### Option 1: Deposit the Certificates into a Trust-Owned Brokerage Account

Open a brokerage account in the name of your trust and deposit the certificates into that account. Future account statements reflecting trust ownership will help establish that the assets have been transferred.

### Option 2: Reissue the Certificates

You may contact the transfer agent directly and request that the certificates be reissued in the name of your trust.

## Stock Options

The transfer or assignment of stock options often involves complex legal and tax considerations.

Before making any changes, consult both your tax advisor and your employer's stock plan administrator to determine whether transfer to your trust is permitted and advisable.

# Retirement Accounts

Qualified retirement plans and individual retirement accounts (IRAs) generally should not be transferred into your Revocable Living Trust during your lifetime.

Instead, review and update your beneficiary designations. In many cases, spouses, children, or other loved ones are designated as primary or contingent beneficiaries.

Beneficiary designations for retirement accounts can have significant tax and distribution consequences. We strongly encourage you to consult with your financial and tax advisors to determine the most appropriate beneficiary structure for your goals.

# Life Insurance Policies and Annuities

The beneficiary designation on a life insurance policy or annuity—not your Will or Trust—controls who receives the proceeds at your death.

Depending on your circumstances, naming your trust as beneficiary may provide important benefits, particularly if:

- You have minor children;
- You have beneficiaries with special needs;
- You wish to control how and when proceeds are distributed; or
- You want the proceeds managed under the terms of your trust.

To make a beneficiary change, contact your insurance company or agent and request the appropriate forms.

After the change is completed, obtain written confirmation from the insurance company and keep it with your estate planning documents.

# Promissory Notes and Other Receivables

If you have loaned money to another person or entity, your interest as lender may be assigned to your trust through a written assignment.

The borrower should be notified of the assignment. We recommend working with a qualified business attorney to prepare the necessary transfer documents.

# Partnership Interests

If permitted under the partnership agreement, your partnership interest may generally be transferred to your trust through a written assignment.

Before making any transfer, review the governing partnership documents and consult with a qualified business attorney to ensure compliance with any transfer restrictions.

# Corporate and Limited Liability Company Interests

### Corporations

If you own shares in a corporation, stock certificates held in your individual name should generally be reissued in your name as Trustee of your Revocable Living Trust.

### Limited Liability Companies (LLCs)

Ownership interests in an LLC are commonly transferred through a written assignment of membership interest.

Because transfer restrictions frequently exist in operating agreements, consult with a qualified business attorney before completing any transfer.

# Sole Proprietorship Businesses

A sole proprietorship is a business owned by one individual and not organized as a separate legal entity.

Ownership of a sole proprietorship may generally be transferred to your trust through a written assignment of business assets and interests. An qualified business attorney can assist with preparing the necessary documentation.

# Oil, Gas, and Mineral Interests

The proper transfer method depends upon the nature of your ownership interest.

If you own the mineral interest directly, transferring ownership may require the preparation and recording of a deed.

If your interest arises through a lease, a written assignment may be necessary to transfer your rights to the trust.

Because these interests are highly specialized, outside legal assistance is strongly recommended.

# Real Estate

Real estate transfers require special attention because ownership, tax consequences, mortgage considerations, and state laws can vary significantly.

In most cases, transferring real estate to your trust requires the preparation, execution, and recording of a new deed.

A licensed attorney should prepare the deed and ensure compliance with applicable state law.

Please note that Attorney Mazenko prepares deeds only for certain parcels of Florida real property. If you own real estate outside Florida, you should consult an attorney licensed in the state where the property is located. Mazenko Law Firm may also refer you to a real estate attorney for certain transfers of real property.

# Final Reminder

Your Revocable Living Trust can only accomplish its intended purpose if it is properly funded. Review all your assets carefully and take the necessary steps to coordinate ownership and beneficiary designations with your estate plan.

If you have questions regarding a particular asset or need assistance determining the best funding method, please contact Mazenko Law Firm for guidance.