

# LEGACY TO THE WORLD



**MOODY STEWARDSHIP**  
A Ministry of Moody Bible Institute

In the life of every person, there comes a time when the preparations you've made in the past determine the impact you make on the future.

## Revocable Living Trust

If you haven't yet made a plan for the management of your estate, the future developments of your life and beyond are a question mark awaiting your answer.

It is essential that you have an estate plan regardless of the size of your estate. It is the only way to make sure the stewardship of your accumulation will continue as you desire after you depart from this life. Your estate plan can be carried out through a will or through a revocable living trust. Your estate plan will ensure that there is provision for the management of your assets if you are unable to manage them yourself. This can be accomplished with a durable power of attorney or a revocable living trust. The revocable living trust is the most flexible estate planning tool in existence today. The living trust can provide estate continuity to benefit you, your heirs, and organizations and ministries you want to assist.

## Important Terms

There are several terms you will want to become familiar with as you learn more about revocable living trusts.

**Revocable** means the estate owner can revoke, alter, or amend the trust at any time. You stay in control because you can amend or revoke the trust should your financial situation change.

**Grantor** is an individual who establishes the trust (also called a trustor or settlor).

**Living Trust** is a trust established by a grantor during his/her lifetime. This is opposed to a testamentary trust, which becomes effective at death.

**Trustee** is the person or institution responsible for managing a trust. The trustee holds title to assets, but is required to manage those assets in accordance with the terms of the agreement.

**Successor Trustee** is the person or institution that fulfills the trustee's duties in the case of disability, death, or resignation of the trustee.

**Revocable Self-Declaration Living Trust** is a trust established and managed by the grantor of the trust. The purpose of the trust is to distribute the grantor's estate at his or her death while avoiding probate.

# Advantages of the Revocable Living Trust

Using a revocable living trust in your estate plan allows you to avoid probate. This type of agreement offers the following key advantages:

- Reduces administrative costs
- Provides for prompt estate distribution
- Avoids interruption of income to heirs at grantor's (estate owner's) death
- Provides for the private distribution of estate
- Represents greater difficulty to challenge compared to a will
- Allows the estate owner to see how the trust will work
- Provides the capability to transfer management without court involvement if grantor becomes incompetent
- Includes the potential for greater diversity and security for investments if a corporate trustee is used

## **The Living Trust Does Not**

- Reduce income or estate taxes. It can, however, establish and fund trusts that reduce estate taxes
- Eliminate the need for a will since disposition of assets not included in the trust must be provided for in, what is usually called, a pour-over will

# Establishment of the Revocable Living Trust

A trust agreement must be drafted by an attorney and signed by the principals involved. The trust is funded by transferring a title to the trust during life.

Probate is avoided only to the extent that assets are transferred to the trust. Thus, it is important to transfer title of all of your assets to the trust. Assets without a title can be transferred with a bill of sale or by assignment.

**Trustee** – You, the grantor, can be the trustee of your own living trust if you want to continue management and investment of your assets. Or you may choose an individual or a corporation such as the Moody Bible Institute to serve as trustee. By naming the Moody Bible Institute as trustee to manage and invest your assets, the revocable living trust can be an excellent means of attaining many of your retirement goals while maintaining your independence. You stay in control because you can amend or revoke the trust should your financial situation change.

**Successor Trustee** – A contingent or successor trustee should be named to succeed you in case of death, disability or resignation of the grantor/trustee. The self-declaration trust has the advantage of not requiring a separate income tax return. Moody Bible Institute can also serve as successor trustee if you choose to serve as initial trustee of your living trust.

*(Moody Bible Institute presently serves as trustee for hundreds of revocable trusts where Moody Bible Institute is named as an ultimate beneficiary.)*

**Operation** – The assets in the revocable living trust belong to the grantor of the trust. With the Moody Bible Institute as trustee, you can be relieved

of management of your trust, take advantage of Moody's investment expertise, and potentially increase the return on your investments.

**Termination** – The trust is revocable, so you can revoke or revise it at any time during your lifetime. The trust must terminate at an ascertainable point in the future, such as a period of years or at the death of the trust beneficiaries. These circumstances should be clearly stated in the trust agreement.

**Distribution of Assets** – The trust provides for asset distribution like a will except that it eliminates the need for probate. The trustee will distribute assets at the death of the trustor according to the trust agreement. Assets may continue to be held in trust for the benefit of a spouse, children, or their heirs; or they may be distributed outright to heirs, Moody Bible Institute, or other charitable organizations.

## The Revocable Living Trust and Christian Stewardship

The living trust is an excellent tool to use in reaching your Christian stewardship goals. Through a living trust, you can use your lifetime accumulations to benefit the people and ministries for which you have a deep concern. By naming the Moody Bible Institute as a beneficiary of your living trust, you can be assured that the ministries you care about will continue when you go to be with the Lord.

## Your Legacy to the World

You can benefit Moody Bible Institute in your revocable living trust in a variety of ways.

These include:

- Leaving a percentage of the remainder of your trust to Moody Bible Institute
- Leaving a specified amount to Moody Bible Institute
- Establishing a trust which provides for family members during their lifetimes and then distributes to Moody
- Leaving assets to Moody in exchange for a Moody Gift Annuity arrangement or Pooled Income Fund. (The annuity pays income for life to a relative or friend and then provides benefit to Moody after the beneficiary's death.)

A Moody Stewardship representative will be happy to assist you in learning more about the revocable living trust and whether it is right for you. If you would like more information, call us at 1-800-801-2171. Your inquiry will place you under no obligation.



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