Step-by-Step Guide to Establishing a Michigan Revocable Living Trust

1. Decide on the Core Elements of Your Trust

- Grantor (Settlor/Trustor): You - the person creating the trust.
- Trustee: You will usually serve as the initial trustee while alive and competent.
- Successor Trustee: A trusted person (spouse, adult child, or professional fiduciary) who takes over if you become incapacitated or upon your death.
- Beneficiaries: Those who will receive the trust assets (e.g., spouse, children, grandchildren, charitable organizations).

2. Draft the Trust Document

- Declaration of Trust - Identifies the trust name, grantor, trustee(s), and beneficiaries.
- Asset Transfer/Funding Clauses - Direct how property will be transferred into the trust.
- Successor Trustee Provisions - Names alternates and grants them authority.
- Distribution Terms - Outlines how and when assets are distributed (e.g., staggered ages or milestone-based distributions).
- Incapacity Clause - Describes how your successor trustee will act if you are unable to manage your affairs.
- Amendment/Revocation Terms - Grants you the ability to change or revoke the trust while living and competent.

3. Fund the Trust - A Critical Step!

- A trust only works if assets are properly retitled in the name of the trust. This avoids probate.
- Real Estate: Record a new deed (e.g., 'John Doe, Trustee of the John Doe Revocable Trust dated [date]').
- Bank and Investment Accounts: Either retitle to the trust or name the trust as a beneficiary (if allowed).
- Business Interests: Amend LLC operating agreements or partnership documentation.
- Tangible Personal Property: Use a general assignment to transfer jewelry, art, furniture, tools, etc.

4. Execute a 'Pour-Over Will'

- This is a safety net to catch any assets unintentionally left outside the trust.
- It directs those assets to 'pour over' into the trust upon death.
- Prevents unintentional probate of overlooked property.

5. Coordinate Beneficiary Designations

- Retirement Accounts (IRAs, 401(k)s), Life Insurance: Often better not owned by the trust for tax reasons.
- However, you may name the trust as a contingent beneficiary.
- POD/TOD Accounts: These can bypass probate but lack the flexibility and protection a trust provides.

6. Store Documents Safely & Notify Key Individuals

- Keep your original signed trust in a secure location.
- Provide copies to your successor trustee(s), your attorney, and close family members as appropriate.

7. Review & Update the Trust Regularly

- Review after major life changes or if Michigan estate law changes.

Why a Trust Beats POD, TOD, or Joint Ownership

- Trusts provide more flexibility, privacy, and protection than simple beneficiary designations.

Next Steps

- Consult a Michigan estate planning attorney.
- Make a full inventory of your assets.
- Communicate your plan with family and successor trustees.