

A Simple Guide to Living Trusts in Michigan

A **living trust (most often a **revocable living trust**) is a popular estate planning tool in Michigan. It lets you hold and control your assets during your life, then pass them to your loved ones after you pass—often without going through probate court.**

Many older folks use it to make things easier and more private for their family. Here's a clear breakdown of what it is, how it works, the good and not-so-good parts, and what to watch for.

What Is a Living Trust?

A living trust is a legal document you create while alive. You transfer ownership of your assets (like your house, bank accounts, investments, or car) into the trust.

- You (the "grantor" or "settlor") are usually the **trustee**—so you keep full control. You can buy, sell, spend, or change anything just like before.**
- You name **beneficiaries** (who gets what after you die).**
- You pick a **successor trustee** (someone you trust, like a child or close friend) to take over if you can't manage things anymore (due to illness) or after you pass away.**
- It's called "revocable" because you can change it, add/remove assets, or cancel it anytime while you're alive and mentally sharp.**

Unlike a will, a living trust takes effect during your lifetime and continues after death.

How Does a Living Trust Work Step by Step?

- 1. **Create the trust document** — Usually with help from an estate planning attorney (DIY options exist but can be risky if not done right).**
- 2. **"Fund" the trust** — This is the most important part! You retitle assets into the trust's name (e.g., deed your house to "John Doe, Trustee of the John Doe Revocable Living Trust"). Bank accounts, stocks, etc., get new titles too. If you skip this, those assets may still go through probate.**
- 3. **During your life** — You manage everything normally. No big changes.**
- 4. **If you become incapacitated** — Your successor trustee steps in immediately—no court guardianship needed. They pay bills, manage investments, etc.**
- 5. **After you pass away** — The successor trustee distributes assets**

privately and quickly to beneficiaries, following your instructions. No probate court for trust assets!

Main Benefits (Pros) of a Revocable Living Trust in Michigan

- ****Avoids probate**** — The biggest reason people choose it. Assets in the trust pass directly—no 6–12+ month probate delays, court fees, or public process. Saves time, money, and stress for your family.
- ****Privacy**** — Probate makes your will and assets public record. A trust stays private—no one sees your finances or who gets what unless they need to know.
- ****Incapacity planning**** — If illness or dementia hits, your successor trustee handles things smoothly without court involvement (unlike a will, which doesn't help while you're alive).
- ****Control and flexibility**** — Change anything anytime. Name conditions (e.g., "my grandson gets his share at age 25").
- ****Multi-state property**** — If you own land in another state, a trust avoids probate in multiple places.
- ****Harder to contest**** — Fewer challenges than a will in many cases.

Michigan has no state inheritance tax (since 1993), so trusts don't save on that—but they do help with federal estate taxes if your estate is very large (over millions).

Drawbacks (Cons) and Things to Know

- ****Upfront cost**** — Setting one up usually costs \$1,000–\$3,000+ with an attorney (more if complex). Retitling assets (like recording a new deed) adds fees.
- ****Ongoing work**** — You must "fund" it properly and keep it updated (add new assets, change beneficiaries if needed). If forgotten, probate still happens for those items.
- ****No creditor protection**** — A revocable trust doesn't shield assets from lawsuits, nursing home costs, or creditors (it's still "your" money legally).
- ****Not for everyone**** — If your estate is small/simple (under ~\$50,000–\$60,000 personal property, no real estate issues), a will + beneficiary designations + small estate affidavit may be enough and cheaper.
- ****Beware scams**** — Watch out for high-pressure "free lunch" seminars pushing one-size-fits-all trusts. Michigan's Attorney General warns they often overpromise and underdeliver. Always use a trusted local attorney.

Living Trust vs. Will (Quick Comparison)

- ****Will**** — Simple, cheap to make. Goes through probate (public, can take months). Only works after death.
- ****Living Trust**** — More setup, avoids probate for funded assets, private, handles incapacity. Many people use both: a "pour-over" will catches anything left out of the trust.

Quick Tips for Michigan Seniors

- Most people who benefit have a home, decent savings, or want privacy/incapacity protection.
- You still need beneficiary designations on life insurance, retirement accounts, etc.—they avoid probate too.
- Lady Bird deeds (enhanced life estate) are another Michigan way to pass real estate without probate—simpler for just a house.
- Store it safely and tell your successor trustee where it is (along with asset lists).

**** For personalized advice, see an estate planning attorney—many offer free initial chats.**

A living trust isn't magic, but when set up right, it's a thoughtful way to give your family an easier time. It puts you in control now and peace of mind for later.

(This is general information based on Michigan law as of 2026. Laws can change—always check official sources like courts.michigan.gov or MichiganLegalHelp.org for the latest.)