

# TRUST CREATION BLUEPRINT

The Complete Guide to Creating, Funding, and Maintaining a Living Trust

A step-by-step instruction guide covering every aspect of trust creation — from choosing the right trust type to transferring assets, appointing trustees, and keeping your trust properly maintained over time.

Revocable vs. Irrevocable Trusts	Trustee Selection Guide	Asset Funding Checklist
Probate Avoidance Strategy	Trust Amendment Process	Successor Trustee Instructions

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## INTRODUCTION

# Why a Trust Belongs in Every Estate Plan

Most people believe estate planning means writing a will. A will is a starting point — but it is not a complete plan. A will does not avoid probate. It does not protect assets during incapacity. It does not control how or when beneficiaries receive their inheritance. And in most states it becomes a public record the moment it is filed.

A properly drafted and funded revocable living trust does all of those things. It transfers your assets to your beneficiaries privately, without court involvement, at a fraction of the time and cost of probate. It protects you if you become incapacitated. And it gives you precise control over how your estate is distributed — outright or in stages, with conditions or without.

**What This Blueprint Covers:** This is an instruction-driven guide — not an overview. Every chapter tells you exactly what to do, what decisions to make, what language to use, and what mistakes to avoid. The companion documents in this kit are designed to be used alongside this guide.

## Companion Documents Included in This Kit

- ✓ **Trust Creation Blueprint.pdf** — This guide — complete instruction manual
- ✓ **Revocable Living Trust Template.docx** — Fillable Word template with annotated clauses
- ✓ **Trust Funding Checklist.docx** — Asset-by-asset transfer checklist with instructions
- ✓ **Trustee Duties Reference.docx** — Complete trustee responsibilities and record-keeping guide
- ✓ **Trust Amendment Form.docx** — Fillable template for amending the trust after creation

### ■■ IMPORTANT

This blueprint is for educational purposes only. Trust law varies significantly by state. The templates and instructions in this kit are educational frameworks. Have a licensed estate planning attorney in your state review any trust document before it is signed and notarized.

## CHAPTER 1

# What a Trust Is and How It Works

A trust is a legal arrangement in which one party (the grantor) transfers ownership of assets to a second party (the trustee) to hold and manage for the benefit of a third party (the beneficiary). In a revocable living trust — the most common type used in estate planning — the grantor, trustee, and primary beneficiary are typically the same person during their lifetime.

## The Three Core Functions of a Living Trust

### Probate Avoidance

Assets held in a trust pass directly to beneficiaries upon the grantor's death without going through probate court. Probate is the legal process by which a will is validated and an estate is administered under court supervision. It is slow (6 months to 2+ years), expensive (typically 3%–8% of estate value in attorney and court fees), and public. A trust bypasses all of it.

### Incapacity Planning

If the grantor becomes mentally or physically incapacitated, the successor trustee steps in immediately and manages trust assets without court involvement. Without a trust, a court-supervised conservatorship may be required — an expensive, time-consuming process that removes control from the family.

### Distribution Control

A trust gives the grantor precise control over how and when beneficiaries receive their inheritance. Assets can be distributed outright at death, held in trust until beneficiaries reach a certain age, distributed in stages, or held in a continuing trust for a beneficiary with special needs or substance abuse issues.

## What a Trust Does NOT Do

- ✗ A revocable living trust does NOT protect assets from your own creditors during your lifetime — because you retain control, creditors can reach trust assets
- ✗ A trust does NOT reduce your income taxes — a revocable trust is a disregarded entity for income tax purposes

- ✗ A trust does NOT eliminate estate taxes by itself — though irrevocable trusts can be structured to remove assets from your taxable estate
- ✗ A trust does NOT replace a will entirely — you still need a "pour-over will" to capture any assets not transferred to the trust

## The Pour-Over Will

A pour-over will is a companion document to your trust. It directs that any assets not already in the trust at your death — perhaps an account you forgot to retitle, or assets acquired after the trust was created — be transferred ("poured over") into the trust upon your death. These assets will still go through probate, but they ultimately end up in the trust and are distributed according to its terms.

### ■ PRO TIP

Every trust should be accompanied by a pour-over will. The trust is your primary vehicle; the pour-over will is your safety net. The Revocable Living Trust Template included in this kit references the pour-over will concept.

CHAPTER 2

# Revocable vs. Irrevocable: Choosing the Right Type

The most fundamental trust decision is whether to use a revocable or irrevocable trust. Each serves a different purpose and has different legal and tax consequences.

Feature	Revocable Living Trust	Irrevocable Trust
Control	Full — grantor can change, amend, or revoke at any time	None — grantor gives up control permanently
Creditor Protection	None during grantor's lifetime	Strong — assets generally protected from creditors
Estate Tax	Assets remain in taxable estate	Assets removed from taxable estate
Income Tax	Disregarded — reported on grantor's return	Separate tax ID required; trust files own return
Probate Avoidance	Yes — primary benefit	Yes
Medicaid Planning	No benefit	Yes — if properly structured and timed
Complexity	Low to moderate	High — requires careful drafting
Best For	Most individuals: probate avoidance, incapacity planning, distribution control	High-net-worth estates, asset protection, Medicaid planning, life insurance

## Common Irrevocable Trust Types

### Irrevocable Life Insurance Trust (ILIT)

Holds a life insurance policy outside the grantor's taxable estate. Death benefit passes to beneficiaries estate-tax-free. Once the ILIT is funded, the grantor cannot be the trustee and cannot access the policy cash value.

### Medicaid Asset Protection Trust (MAPT)

## ■ End of Preview

The complete 30-page Trust Creation Blueprint is available for purchase

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- ✓ 30-Page Trust Creation Blueprint (PDF)
- ✓ Revocable Living Trust Template (.docx) — Fully Fillable
- ✓ Trust Funding Checklist (.docx) — Every Asset Type Covered
- ✓ Trustee Duties Reference (.docx) — For Your Successor Trustee
- ✓ Trust Amendment Form (.docx) — Update Your Trust Anytime
  - ✓ Probate Avoidance Strategy Guide (in PDF)
- ✓ Trust Administration After Death — Step-by-Step (in PDF)

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