GW&K INVESTMENT MANAGEMENT

PRIVATE WEALTH MANAGEMENT INSIGHTS

SHOULD YOU PUT YOUR HOUSE IN A REVOCABLE TRUST?

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For many families, a home is one of their largest and most meaningful assets. If you've established or are considering a revocable trust, you may wonder whether your home should be titled in the trust's name. The answer depends on your circumstances, but understanding the potential benefits and tradeoffs can help you make an informed decision.

Potential Benefits

A revocable trust can help manage your affairs if you become incapacitated.

If your home is owned by your revocable trust and you become unable to manage your affairs, your trustee can step in to pay property taxes, arrange repairs, or sell the home if necessary, without requiring court involvement.

A revocable trust can help your home avoid probate.

Assets held in a revocable trust generally avoid probate, allowing your home to pass to beneficiaries more efficiently, privately, and often with lower administrative costs. If minimizing probate is an important estate planning objective, including your real estate in your trust may help support that goal.

A revocable trust allows you to maintain control.

Unlike many other estate planning strategies, a revocable trust allows you to amend, modify, or revoke the trust during your lifetime. You can add or remove assets as your circumstances change, while the trust's terms determine how those assets are distributed after your death.

Potential Drawbacks or Considerations

A revocable trust does not provide asset protection.

Because you maintain control of the assets, they generally remain available to creditors and are counted when determining Medicaid eligibility.

There are no immediate income or estate tax benefits.

Transferring your home into a revocable trust generally does not reduce your income or estate taxes because you continue to be treated as the owner for tax purposes. It's also important to ensure your estate has sufficient liquidity to cover taxes, debts, and expenses so beneficiaries are not forced to sell a home under unfavorable circumstances — particularly in states with estate tax exemptions below the federal level.

There may be additional costs and administrative steps.
If you don't already have a trust, one will need to be prepared, and your home's deed must be transferred into the trust. In addition, some mortgage lenders and homeowners' insurance carriers may require updates to reflect the trust's ownership. Refinancing a home held in a trust can also involve additional paperwork.

Other Estate Planning Options

Depending on which state you live in, alternatives such as transfer-on-death deeds or joint tenancy may also allow your home to pass outside of probate without using a trust. While these approaches can work well in certain situations, they generally offer less flexibility and control than a revocable trust and may not fit broader estate planning objectives.

The Bottom Line

Whether your home should be titled in a revocable trust depends on your broader estate plan, your family circumstances, and your long-term goals. For many individuals and families, doing so can simplify estate administration, help avoid probate, and provide continuity if they become unable to manage their affairs.

However, a revocable trust is only one component of a well-designed estate plan. It's important to review your plan periodically, especially after major life events, and confirm that your beneficiary designations, successor trustee, executor, and other fiduciaries still reflect your wishes.

If you're considering whether your home belongs in your revocable trust, we can work with you and your estate planning attorney to evaluate your situation and determine the approach that best supports your overall financial and estate planning goals.

GW&K'S PRIVATE WEALTH MANAGEMENT TEAM

Our team of private wealth advisors can help you manage your assets and plan for the future. Our Private Wealth services include guidance on wealth transfer planning, lifestyle, and overall asset allocation. We encourage you to get in touch with us for more information about how we can help.

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