REVOCABLE LIVING TRUST

Funding Guide

A practical guide to help protect the people and legacy you love most.

Why funding matters

A well-crafted estate plan should give you confidence about what happens next. Creating a revocable living trust is an important first step, but the trust must also be connected to your assets. Depending on the asset, that may mean changing ownership or updating a beneficiary designation. Without proper funding, some assets may still be exposed to probate.

Inside this guide

- ☐ How trust funding works
- ☐ How to use a Certification of Trust
- ☐ What to do with bank and investment accounts
- ☐ Special rules for retirement accounts, life insurance, business interests, and real estate
- ☐ A final funding checklist and recordkeeping system

1. What Does It Mean to “Fund” a Trust?

Funding a revocable living trust means integrating your assets with the trust so the plan can operate as intended. Depending on the asset, that usually happens in one of two ways:

Retitle ownership	Update beneficiaries
Assets such as bank accounts, brokerage accounts, certain business interests, and certain real estate may be transferred from your individual name to your name as trustee.	Assets such as retirement plans and life insurance policies are often coordinated through beneficiary designations instead of changing ownership.

The basic funding process

1. Identify what you own and how each asset is currently titled.

2. Determine whether the asset should be retitled, assigned, or integrated by beneficiary designation.

3. Complete the institution-specific paperwork, deed, assignment, signature card, or beneficiary form.

4. Confirm that the change was actually processed.

5. Keep proof of the completed change with your estate planning records.

Important: Funding is not a one-time event. Newly acquired assets should also be reviewed so they are titled or designated consistently with your plan.

Use your Certification of Trust

Financial institutions often ask for proof that your trust exists and that you have authority to act as trustee. A Certification of Trust can provide the information they need without disclosing all of the trust’s private terms. Some institutions use their own certification form.

Tax identification while the trust is revocable

For a typical revocable living trust during the grantor’s lifetime, the trust generally uses the grantor’s Social Security number rather than a separate tax identification number, and trust income is generally reported on the grantor’s personal income tax return. Tax treatment changes after death and may require separate tax identification numbers and filings. Consult a tax professional for your specific circumstances.

2. Cash and Investment Accounts

Bank accounts, money markets, CDs, and similar cash accounts

For cash accounts, the funding process commonly involves changing the account title so you own the account as trustee of your revocable living trust. Your financial institution may require new ownership or signature cards and a copy of your Certification of Trust.

☐ Ask the institution to retitle the account in your name as trustee of your trust.

☐ Confirm that the tax identification number used for reporting remains correct.

☐ If there are co-trustees, confirm who should have signature authority.

☐ For certificates of deposit, ask whether a title change could be treated as an early withdrawal or trigger a penalty.

☐ After the change, save an account statement showing the trust owns the account.

Practical note: Retitling an account does not necessarily mean your trust name must appear on printed checks. Ask your bank what options are available for printed checks.

Brokerage and investment accounts

Publicly traded stocks and bonds held in a brokerage or investment account are commonly funded by retitling the account to the trust. Your broker or custodian may require a new account application and a Certification of Trust.

☐ Save the first account statement showing the account is titled in the trust.

Stocks or bonds held as physical certificates

If you hold original stock or bond certificates, funding may involve either depositing the certificates into a trust-owned brokerage account or working with the transfer agent to reissue the certificates in the name of the trust.

☐ Keep a statement or copy of the reissued certificate as proof of trust ownership.

Stock options

Stock options can involve significant tax and legal issues. Before assigning or transferring an option interest, consult your CPA, stock plan administrator, and estate planning attorney.

3. Personal Property and Vehicles

Household goods and personal effects

Tangible personal property - such as household furnishings, appliances, artwork, collectibles, jewelry, books, sporting goods, and similar items - can often be transferred to a revocable living trust through a written assignment.

☐ Keep a copy of the signed assignment with your trust records.

Vehicles

Vehicles may be titled in a revocable living trust, but many estate plans leave vehicles outside the trust because other transfer procedures may be available and insurance considerations can differ. Before changing vehicle title, ask your estate planning attorney and insurance agent whether doing so is appropriate for you.

4. Retirement Accounts, 529 Plans, and Insurance

Retirement plans and IRAs

Do not retitle a qualified retirement plan or IRA into your revocable living trust. These assets are generally integrated through beneficiary designations instead.

Choosing retirement beneficiaries can have substantial tax consequences and depends on your specific circumstances, goals, account type, and current tax law. Your spouse, children, partner, individuals, or a trust may be appropriate in different situations. Obtain individualized advice before making changes.

☐ Review both primary and contingent beneficiaries.

☐ Submit the beneficiary designation through the plan administrator or custodian.

☐ Save written confirmation that the beneficiary designation was accepted.

529 education savings plans

A 529 plan may sometimes be integrated into a revocable living trust, but the trust should contain appropriate authority for the trustee to manage the account. Consult your estate planning attorney before naming the trust as owner or successor owner.

Life insurance and annuities

Life insurance and annuity proceeds are controlled by the policy's beneficiary designation. Depending on your planning goals, proceeds may be payable to individuals, your revocable living trust, or another type of trust. Ownership and beneficiary choices can have tax and estate planning consequences, so coordinate them with your advisors.

☐ Review the primary and secondary beneficiaries on each policy.

☐ Ask the insurance company for its preferred beneficiary designation format.

☐ Save the carrier's written confirmation once the change is processed.

5. Notes, Receivables, and Business Interests

Mortgages, promissory notes, and other receivables

If someone owes you money, your interest as lender may be assignable to your revocable living trust. A written assignment is commonly used, and the debtor may need to be notified.

☐ Keep the signed assignment with your trust records.

Partnership interests

A partnership interest may be transferred through a written assignment if the governing agreement permits the transfer. Review the partnership agreement first and obtain any required partner consent or acknowledgment.

Corporations and LLCs

Business ownership interests require entity-specific paperwork and may be restricted by governing documents, professional licensing rules, lender requirements, or tax considerations.

- Corporation: shares may need to be cancelled and reissued in your name as trustee.
- LLC: an assignment of membership interest may be appropriate, subject to the operating agreement and applicable restrictions.
- Professional or regulated business: coordinate the transfer with corporate counsel and your estate planning attorney.

Sole proprietorships

A sole proprietorship interest can often be assigned to a revocable living trust through a written assignment that identifies the business property being transferred.

6. Real Estate and Other Special Assets

Real property

Funding real estate usually requires preparing, signing, and recording a new deed that transfers the property to the trust. The correct deed and transfer language depend on current ownership, property location, tax considerations, lender restrictions, and your estate plan.

Professional assistance recommended. Real estate transfers should be handled with an attorney or other qualified professional. After recording, keep a copy of the recorded deed and contact your homeowner's insurance carrier about whether the trust should be added to the policy.

Oil, gas, and mineral interests

The correct transfer method depends on whether you own the interest or hold it under a lease. Owned interests may require a deed; leasehold interests may require an assignment. Because state and county requirements vary, obtain professional guidance.

Expected inheritance, gift, or lawsuit proceeds

In some circumstances, a person's right to receive an inheritance, gift, or lawsuit recovery may be assignable to a revocable living trust. Whether an assignment is valid or advisable depends on the underlying rights and applicable law.

7. Your Trust Funding Checklist

Use this checklist as a working inventory. Not every category will apply to you, and some assets require individualized advice.

Asset category	Typical action	Done
Cash accounts	Retitle or coordinate POD designation	☐
Brokerage / investment accounts	Retitle to trust where appropriate or coordinate TOD designation	☐
Physical stock / bond certificates	Deposit to trust account or reissue	☐
Tangible personal property	Complete written assignment	☐
Vehicles	Review with attorney and insurer	☐
Retirement plans / IRAs	Review beneficiary designations	☐
529 plans	Review ownership / successor owner	☐
Life insurance / annuities	Review beneficiary designations	☐
Notes / receivables	Complete assignment if appropriate	☐
Partnership interests	Review agreement; complete assignment if permitted	☐
Corporation / LLC interests	Complete entity-specific transfer	☐
Sole proprietorship	Complete written assignment	☐
Real estate	Prepare and record appropriate deed	☐
Oil / gas / mineral interests	Use deed or assignment as appropriate	☐
Expected inheritance / legal recovery	Review possible assignment	☐

Educational use only This guide provides general information and is not legal, tax, accounting, or financial advice. Your trust terms, assets, family circumstances, and applicable law may require different treatment. Consult your estate planning attorney and other professional advisors before making ownership or beneficiary changes.

8. Keep Proof of Every Change

A funding plan is only complete when you can verify that each transfer or beneficiary change was accepted. Create a dedicated “Trust Assets” section in your estate planning records and keep copies of documents that prove ownership or beneficiary status.

☐ Account statements showing trust ownership or beneficiary designations

☐ Recorded deeds

☐ Signed assignments

☐ Stock or membership certificates

☐ Beneficiary confirmation letters

☐ Copies of submitted beneficiary forms if confirmation has not yet arrived

☐ Other institution correspondence confirming the change

A useful rule: For every asset, be able to answer two questions: “How is it owned?” and “What document proves it?”

9. Review Your Estate Plan Regularly

Estate plans require ongoing maintenance. Review your plan with an estate planning attorney periodically and whenever there is a meaningful change in your circumstances, finances, assets, residence, business interests, or the law. A common review interval is every three years, but major life events may justify an earlier review.

Estate Plans You Can Trust

Phelps LaClair can help you review your trust, asset ownership, and beneficiary designations so your estate plan works together as intended.

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