



## Administration of Your **REVOCABLE TRUST**

# PLAN TODAY FOR TOMORROW SALVATORE M. DI COSTANZO, ESQ.

a partner with the firm Maker, Fragale & Di Costanzo, LLP



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(By appointment only)

THE PURPOSE OF THIS MEMORANDUM IS TO SUMMARIZE important provisions of your Revocable Trust (“Trust”) and to answer frequently asked questions. You should reference this memorandum frequently to maintain your familiarity and understanding of the Trust. This memorandum is not intended to summarize every provision of the Trust, nor does it cover everything we discussed with you. If you have a question regarding your Trust, please contact us before acting.

### General Provisions

- The Trust is revocable. That means you have access to all of the assets of the Trust.
- The Trust does not have a separate tax identification number. The tax identification number of the Trust is your social security number.

### Provisions Related to the Principal of the Trust

- You are responsible for arranging for the transfer of your liquid assets and any real property outside of New York State to the Trust.
- Any assets that are not transferred to the Trust and that do not have a joint owner or beneficiary designation will be subject to the probate process, thereby defeating one of the main purposes of the Trust.

### Provisions Related to the Income of the Trust

- You are entitled to the income of the Trust.
- The trust does not file a tax return. You must report the income generated by the assets of the Trust on your individual income tax return. We recommend that you consult with your accountant regarding all tax matters if you do not intend for us to prepare such tax returns.

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### **Provisions Related to Residential Property in the Trust (“Residence”)**

- You have the right to live in the Residence without having to pay rent.
- You are responsible for the real estate taxes and upkeep and maintenance on the Residence.
- You are entitled to the STAR exemption, VA exemption and any other exemption that benefits the Residence.
- You should inform your insurance carrier that you transferred the Residence to the Trust.

- Banks will likely not allow you to obtain a reverse mortgage or a home equity line of credit on the Residence. You might have to remove the Residence from the Trust in these instances.

### **Provisions Related to the Trustee**

- You are the initial trustee of the Trust.

### **Provisions Related to Medicaid Eligibility**

- This type of trust does not protect your assets from the cost of nursing home care.

- There is no 5-year look-back period for transferring assets to a revocable trust since all of the assets of the Trust are considered available for Medicaid planning purposes. If you intend to protect your assets, you should contact us to discuss preparing an Irrevocable Medicaid Income Only Trust.

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