

What Is a Trust?

The word "trust" is applied to all types of relationships, both personal and business, to indicate that one person has confidence in another person.

For our purposes, a trust is a legal device for the management of property. Through a trust, one person (the "**grantor**") transfers the legal title to property to another person (the "**trustee**"), who then manages the property in a specified manner for the benefit of a third person (the "**trust beneficiary**"). A separation of the legal and beneficial interests in the property is a common denominator of all trusts.

In other words, the legal rights of property ownership and control rest with the **trustee**, who then has the responsibility of managing the property as directed by the **grantor** in the trust document for the ultimate benefit of the **trust beneficiary**.

A trust can be a **living trust**, which takes effect during the lifetime of the grantor, or it can be a **testamentary trust**, which is created by the will and does not become operative until death.

In addition, a trust can be a **revocable trust**, meaning that the grantor retains the right to terminate the trust during lifetime and recover the trust assets, or it can be an **irrevocable trust**, meaning that the grantor cannot change or terminate the trust or recover assets transferred to the trust.