

Individual vs Joint Trust Guide

When establishing a trust as part of your estate planning strategy, one key decision is whether to create an **Individual Trust** (one trust per person) or a **Joint Trust** (a single trust for both partners). The right choice depends on your relationship status, asset ownership, estate planning goals, and personal circumstances.

When to consider an Individual Trust

An Individual Trust is established by one person and holds assets that are either individually owned or intentionally kept separate from a partner. Individual trusts provide significant flexibility and control, and are especially useful for individuals with separate property, blended family situations, or distinct estate planning objectives that differ from their partner. You might prefer an Individual Trust if:

1. **You have significant separate property** acquired before marriage or partnership, inherited, or received as an individual gift that you wish to keep distinct.
2. **You want control over separate asset distribution**, such as leaving assets to beneficiaries outside the marriage or partnership (e.g., children from a prior relationship, specific charitable causes, or extended family members).
3. **You are in a second (or later) marriage or partnership, or have a blended family**, where clearly delineating property ownership and succession can reduce conflicts.
4. **You desire flexibility or privacy**, maintaining the freedom to modify or manage your trust independently without the consent or input of your spouse or partner.
5. **You have substantial individual liabilities or asset protection considerations**, making it beneficial to isolate your personal assets from your spouse's or partner's financial risks or creditors

Ideal scenario:

Individuals with separate, substantial assets, couples in second marriages or partnerships, or blended families wishing to manage and distribute their property independently

When to consider a Joint Trust

A Joint Trust (often a joint revocable living trust) is created together by two spouses, domestic partners, or civil union partners who pool their assets into one unified estate-planning vehicle. This approach simplifies administration, reduces costs, and provides seamless asset transfers between couples.

Joint trusts are typically suitable for couples who share similar estate planning goals and hold most of their assets jointly. You might prefer a Joint Trust if:

1. **You and your partner jointly own most assets**, including real estate, bank accounts, and investments.
2. **You live in a community property state** (such as Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), where joint trusts are commonly used due to shared property laws.
3. **You share common estate planning goals**, and your intentions align clearly about how assets should be managed, distributed, or preserved after one partner passes.
4. **You prefer simplicity and cost-efficiency**, as maintaining a single trust often reduces administrative efforts and associated costs.
5. **You want assets to transfer seamlessly to your surviving partner** without significant delays or probate processes.

Ideal scenario:

Spouses, domestic partners, or civil union partners in a stable, long-term relationship, primarily holding joint assets and aligned on how assets should be distributed to their beneficiaries (e.g., children, grandchildren, charities)