Types of Trusts

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Clients often come into our office and say, “I need a trust,” but cannot explain why they need a trust. This article will explain what a trust is, the different types of trusts, and generally what each type of trust can accomplish in an estate plan.

A trust is a relationship between three roles: grantor, trustee, and beneficiary. The grantor creates the trust by transferring some form of property (e.g., cash, real estate) to the trustee. The trustee then manages the property for the benefit of the beneficiary(ies).

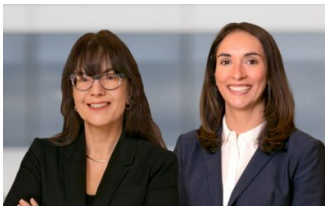
The four general types of trusts are listed below. Each type will be discussed in more detail in the following months, in the same place where this article appears.

Revocable Trust

Revocable trusts are the most common. They can be revoked or amended by the grantor during the grantor’s lifetime. These types of trusts can be used to minimize estate taxes for a married couple and to avoid probate.

Irrevocable Trust

Irrevocable trusts remove the grantor’s control over the assets transferred therein, typically for tax or MassHealth planning purposes. Common reasons irrevocable trusts are used in estate planning are to protect assets from MassHealth eligibility, to remove the death benefit of life insurance policies from one’s taxable estate, or to gift assets to individuals or charities to maximize income tax deductions or gift tax exclusions.



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Special Needs Trust

A special needs trust ("SNT") holds assets solely for the benefit of an individual with disabilities who is receiving government benefits. An SNT can be irrevocable or revocable, depending on the type being established. An important distinction for SNTs is whether it was funded with assets belonging to the individual with disabilities (first-party SNT) or with assets belonging to someone else (third-party SNT). First-party SNTs must include a "payback" provision, meaning upon the death of the beneficiary, the government is reimbursed from the remaining trusts funds for the care it provided to the beneficiary during their lifetime. Third-party SNTs are not required to have payback provisions.

Testamentary Trust

A testamentary trust is a trust written within a Will and comes into existence only upon the death of the person who signed the Will. Testamentary trusts are typically used in MassHealth planning for married couples, whereupon the assets owned by one spouse pass into the testamentary trust for the benefit of the surviving spouse. The property held in the testamentary trust is non-countable for purposes of determining the surviving spouse's MassHealth eligibility.

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