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**THE BLUM FIRM, P.C.
ATTORNEYS AT LAW**

Trusts Used in Estate Planning

This brochure contains generalizations and simplifications. Prior to implementing any estate plan, you should consult with competent tax and legal counsel who will need to assess your specific circumstances in order to determine whether any particular technique discussed in this letter is appropriate for you and can be implemented in a manner designed to achieve the potentially favorable outcome desired. This communication is not intended to be, and should not be construed as, U.S. federal tax advice for purposes of Circular 230 and may not be used for the purpose of avoiding penalties under the Internal Revenue Code or other federal law. Additionally, this communication is for education purposes and is not intended to be used for, and should not be used for, the purpose of promoting, marketing or recommending to another party any transaction or matter addressed herein.

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Trusts Used in Estate Planning

Goal . . .	Type of Trust . . .
Avoid probate (particularly for out-of-state real estate/minerals) and retain control of assets during life; upon disability, provide for management of financial assets without guardianship	Revocable living trust (set up during life; at death, the document can create Bypass and QTIP trusts)
Protect assets from descendants' creditors and spouses in the event of divorce for as long as law allows	Dynasty Trust (during life or in a Will or living trust)
Transfer property for the benefit of children through the use of the \$14,000 annual exclusion (\$28,000 for married couples) to remove appreciating assets from estate or to pay for education expenses, or to protect assets from creditors	Crummey trust (or, for children under 21, §2503(c) Minor's Trust)
Provide for maximum use of the unified credit in the estates of both spouses (allowing an amount equal to the estate tax exemption available to each estate to pass free of estate tax)	Bypass Trust or Credit Shelter Trust (created in a Will or in a living trust)
Provide all income from trust assets to spouse for life and qualify for the marital deduction, but upon spouse's death distribute remaining trust assets to children	QTIP trust (qualified terminable interest trust) (created in a Will or in a living trust)
Transfer property in trust under Will to hold for the benefit of children	Testamentary family trust
Provide income to you or other family members for life or a set number of years, with assets ultimately passing to charity, with donor receiving a current income tax charitable deduction	Charitable Remainder Trust (CRT)
Provide income to charity and ultimately transfer trust assets to children or grandchildren at a greatly reduced transfer tax; donor may receive an income tax deduction upon creation of the trust	Charitable Lead Trust (CLT)
Leave insurance proceeds to beneficiaries estate tax free	Irrevocable Life Insurance Trust (ILIT)
Leave assets to grandchildren while taking advantage of the exemption from the generation-skipping tax	Generation-skipping (GST) trust (during life or in a Will or living trust)
Donor retains interest in residence for a term of years and if donor survives the term, the residence passes to heirs at a dramatically lower tax cost	Qualified Personal Residence Trust (QPRT)
To retain income for a specified period of time and shift future appreciation to a trust for children	Grantor Retained Annuity Trust (GRAT)
Transfer appreciation on assets to future generations tax-free and retain liability for income taxes so that Trust assets can grow without being depleted by income taxes	Intentionally Defective Grantor Trust (IDGT); also known as Defective Grantor Trust (DGT) or a Grantor Trust
Transfer appreciation on assets out of taxable estate, but continue to retain access to the Trust assets for living expenses and retain control of Trust investments	678 Trust
Leave retirement plans to children in a way that protects the assets from creditors and divorces, while still qualifying for a "stretch out" to defer income taxes	Conduit Trust or IRA Inheritance Trust
Utilize the lifetime gift tax exemption and GST exemption (both currently \$5,450,000) while allowing your spouse to access the funds for his or her support	Spousal Lifetime Access Trust (SLAT)