

30th Annual Tax Symposium

**JUST WHEN I THOUGHT I KNEW ALL OF THE
ESTATE PLANNING ACRONYMS,
ALONG COMES THE SLAT!**

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INTRODUCTION

- What is it?
- What does it do?
- Why do I care?

FEDERAL ESTATE AND GIFT TAX BASICS

Federal estate and gift tax

Exemption from estate and gift tax

Annual exclusion

Other exclusions

- Tuition
- Medical

USING EXEMPTION

Should clients use exemption now?

- Yes!
- Need to use “excess” exemption

In what manner?

- Gifts in trust
- Outright gifts

SLATs are popular choices

SLAT STRUCTURE

SLAT is an irrevocable trust

Who can be trustee?

- Grantor/donor?
- Spouse?
- Consider independent trustee

SLAT STRUCTURE

Who are beneficiaries?

- Spouse
- Children and grandchildren
- Charities

What are dispositive provisions?

- Ascertainable standards
- Discretionary standards

SLAT STRUCTURE

Consider giving someone a power of appointment

- Spouse
- Third party

Consider incorporating “dynasty trust” provisions

- Best leverage of gift/estate/GST exemption
- A “family bank” that can last multiple generations

SLAT ISSUES

Grantor trust

- Uses a gift tax loophole

Funding

- Look into your crystal ball

Asset protection

- The beneficiaries may thank (or curse) you

BE CAREFUL

Grantor/donor must part with dominion and control

- Cannot be a beneficiary
- Cannot retain power to change disposition

Grantor/donor needs to be able to pay income taxes

- May be able to “turn off” or “toggle”
- This is difficult in the context of a SLAT

Watch out for the dreaded reciprocal trust doctrine

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THANK YOU

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