

JOINT TRUSTS: WHY HAVE TWO WHEN ONE WILL DO?



Geoffrey N. Taylor, Esq.



Planning Landscape

- Separate trusts were the norm when a couple's combined wealth exceeded or was near estate tax exemption
- Joint trusts have become increasingly popular with the permanence of portability and increased estate tax exemption

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- Basic provisions of joint trusts are very similar to provisions of separate trusts, with certain exceptions



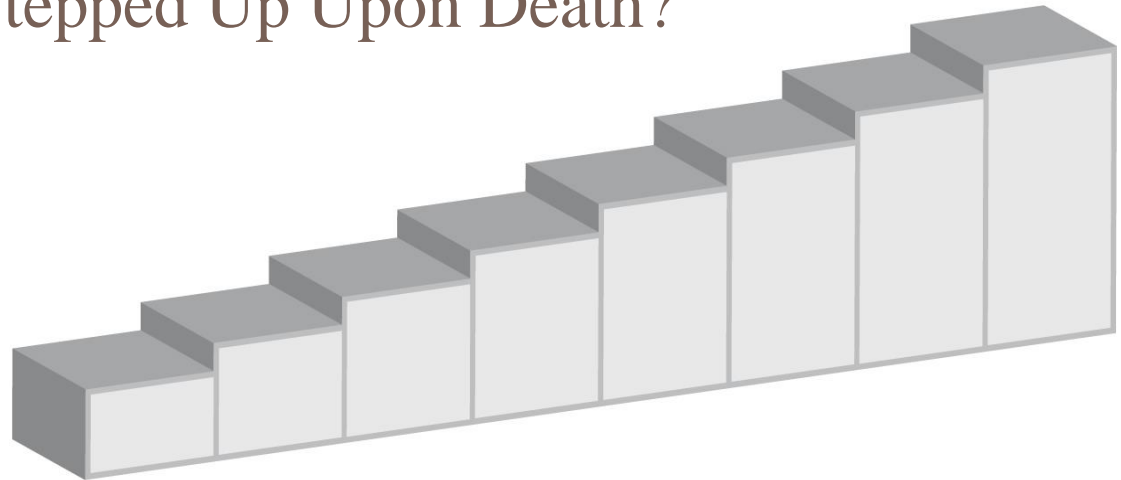
Gift, Estate and Generation Skipping Transfer Tax Issues

- Gift Tax Issues
 - Gift on Funding
 - Gift on Distribution
- Estate Tax Issues
 - What Gets Included?
- Generation Skipping Transfer Tax Issues



Income Tax Issues

- Grantor Trust Status
- Basis
 - What Gets Stepped Up Upon Death?
- 1014(e) Issue



Joint Trust

- “First and only” marriage
- Beneficiaries and trustees aligned
- Combined estate less than \$10,860,000
- No significant post-death appreciation

Separate Trusts

- Second marriage
- Different beneficiaries or trustees
- Combined estate more than \$10,860,000
- Asset protection
- Protect inherited assets
- Significant amounts to grandchildren

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