

Financial Experts Network
Estate Planning Masterclass

Session 2: Estate Planning for
Digital Assets + Real Estate

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and

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Alan's Book

- See survey to provide mailing address.
- No cost to you.

Requests from Survey

- How useful are annuities in Estate Planning?
- How can I bill for help in guiding clients through estate planning?
Is this beyond the normal scope of financial planning?



Planning for Digital Assets

The Reason that this is a Big Issue

- The Average American has 90-100 Online Accounts (1)
- Americans Estimate that their Digital Assets are Worth Approximately \$191,000 on Average (1)
- 76% of Americans have Little or No Knowledge of Digital Asset Planning (1)
- Fewer than 15% of Estate Plans Address Digital Assets (2)
- Only 44% of Clients Working with a Financial Advisor Say that Digital Assets were Ever Discussed (3)

Estate Planning for Digital Assets

Digital Assets include Online Bank and Brokerage Accounts, Email Accounts, Cloud saved Pictures and Videos, Access to Facebook, LinkedIn, Apple, Google, Instagram, Password Managers, and Other Online Accounts, as well as Cryptocurrencies

These Digital Assets Present Unique Legal and Practical Challenges

At the Incapacity or Death of a Person, it is Important to Provide Access to these Accounts to a Power of Attorney or Executor

Without Proper Planning, Access to these Online Accounts will NOT be Allowed

Categories Covered

- Emails and Texts
- Cryptocurrencies and Digital Wallets
- NFTs
- Monetized Online Businesses
- Digital Intellectual Property
- Online Brokerage and Fintech Platforms
- Cloud-Based Storage Personal and Business Documents, Pictures, and Videos
- PayPal and Venmo
- Owned Websites
- YouTube and TikTok Channels
- Music Libraries and Kindle Books
- Streaming Content

Planning Challenges

- Custodial Access Restrictions under RUFADAA
- Password Vaults vs. Legal Authority
- Multi-signature Wallets
- Valuation and Reporting Challenges
- Lost Key Risk-No Key Means No Access, Even a Court Can't Recover it
- Two-Factor Authentication may Make Access Impossible if the Account Owner's Phone is No Longer Active or other Means of Authentication will Not Work

The Four Keys to Digital Estate Planning



Access to Passwords and Authentication



Authority Provided by Legal Permission to Access Digital Assets



Location of Where the Digital Assets are Stored



Instructions Regarding What Heirs Should Do to Access Digital Assets

Issues with Accessing Digital Assets

- Another Person is Technically Not Allowed to Use the Password of a Different Person to Access Their Digital Assets Online
- In order to Legally Access these Accounts, Prior Authorization Needs to Be Granted to a Fiduciary in Compliance with RUFADAA
- Many People do not Think about this as an Issue, but with so Many Important Documents, Pictures, and Videos, as well as Social Media Content, without Proper Planning, These Digit Assets may be Lost Forever

The Stored Communications Act (SCA)



This Enacted in 1986 as Part of the Electronic Communications Privacy Act

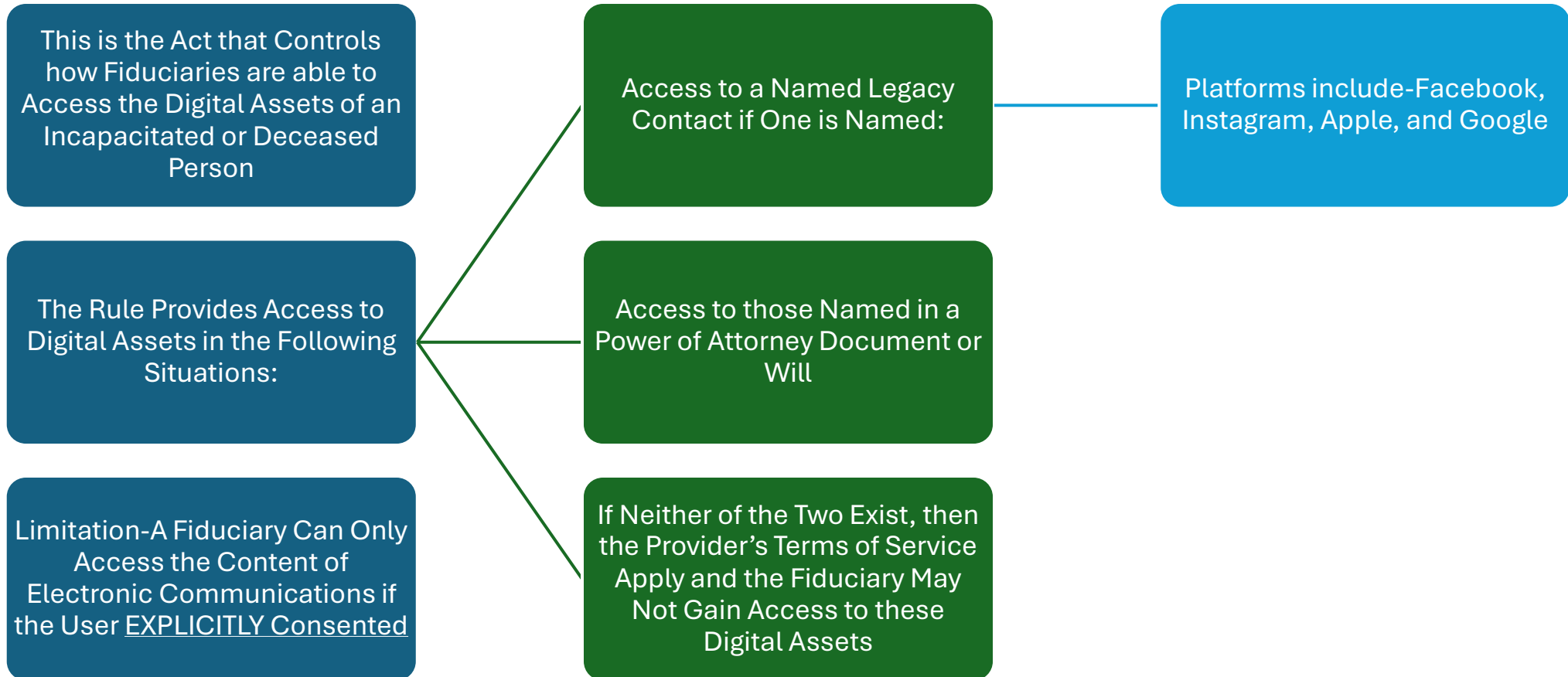


Service Providers Can't Disclose the Contents of Electronic Communications Without the Lawful Consent of the Account Holder



This Law was enacted Long Before Digital Estate Planning Existed

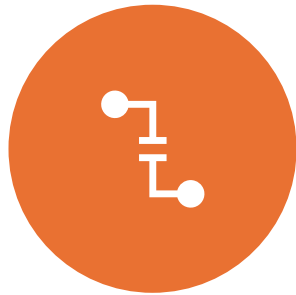
The Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA)



Plans for Digital Assets

- Name Legacy Contacts where Allowed
- Use Digital Asset Memorandums
- Provide Fiduciaries with Express Consent Language in POAs, Wills, and Trusts the Ability to Access Digital Assets
- Separate Digital Fiduciaries
- Titling Strategies for Cryptocurrencies
- Password Managers
- Centralized Digital Asset Inventory System

Key Issue to Remember



Without Proper Coordination, Access to Digital Assets can be Disallowed and the Assets Essentially Disappear



Estate Plans **MUST** Now Include Operational Continuity Planning, Not Just Legal Documents



Password Manager, Anyone?

WHAT IS A PASSWORD MANAGER?

A password manager securely stores and manages your credentials so you can sign in easily and stay protected.



HOW IT WORKS



1 CENTRALIZED VAULT OF CREDENTIALS

All your passwords and sensitive information are stored securely in one encrypted vault.



2 SINGLE MASTER PASSWORD SYSTEM

You only need to remember one strong master password to unlock your entire vault.



3 ENABLES PRE- AUTHORIZED ACCESS

Securely share access with trusted individuals—without sharing your passwords.



4 ACTS AS A DIGITAL INVENTORY

Keeps an organized record of your accounts, logins, and important digital assets.



Strong passwords. Secure storage. Simplified access.
That's the power of a password manager.



STRONGER
SECURITY



SAVES TIME



REDUCES RISK



PEACE OF MIND

PASSWORD MANAGERS: WHAT THEY STORE & WHY IT MATTERS

Secure. Organized. Protected.

Password managers do more than remember passwords—they securely store and organize your most sensitive information so you can access life with confidence.



WHAT PASSWORD MANAGERS CAN STORE



FINANCIAL ACCOUNTS

- Bank logins
- Brokerage & retirement accounts
- Credit cards
- Mortgage & loan portals
- Insurance accounts
- Tax software credentials



SENSITIVE DOCUMENTS

- PDFs & files
- Estate documents
- Passports & IDs
- Tax returns
- Trust documents
- Social Security numbers
- Encrypted notes



CRYPTO INFORMATION

- Exchange logins
- Wallet access credentials
- Private keys
- Recovery phrases (seed phrases)
- 2FA backup codes



OTHER SENSITIVE DATA

- Wi-Fi passwords
- License keys
- Memberships
- Secure notes
- Digital asset inventory



DIGITAL INVENTORY

Acts as a secure, organized inventory of your digital life and important information.

IMPORTANT DISTINCTION: ACCESS vs. ASSETS



PASSWORD MANAGER (STORES ACCESS)

Stores your login credentials, keys, and recovery information so you can access your accounts and assets.



NOT
THE SAME
AS



CRYPTO WALLET (STORES ASSETS)

Actually holds and controls your cryptocurrency on the blockchain using private keys.



i Password managers store credentials. They do NOT custody your assets.

CRYPTO RISK: PROCEED WITH EXTREME CAUTION



If someone gains access to your seed phrase or private key, they can usually steal your crypto permanently—and there is often NO way to recover it.

BEST PRACTICE FOR CRYPTO

Information	Recommended Storage
Exchange passwords	🔒 Password manager
2FA backup codes	🔒 Password manager
Wallet app credentials	🔒 Password manager
Seed phrase / private keys	❌ Offline / cold storage
Large crypto holdings	👛 Hardware wallet

A MAJOR BENEFIT: DIGITAL ESTATE PLANNING



Families often struggle to find important accounts and access information after a death or incapacity.



A well-organized password manager becomes a digital inventory that provides clarity and peace of mind.



Many password managers offer Emergency Access or Legacy Access for trusted individuals.

THIS CAN HELP LOVED ONES ACCESS

Financial accounts	Investment portals	Email & cloud accounts	Subscriptions & memberships
Digital documents	Crypto access information	Essential contacts	Important notes

WHY IT MATTERS MOST



STRONG SECURITY

Uses encryption and zero-knowledge architecture to keep your data private and secure.



REDUCES RISK

Strong, unique passwords help prevent account takeovers and financial fraud.



SAVES TIME

Auto-fill and secure storage make it easier to access what you need, when you need it.



PEACE OF MIND

Know your digital life is organized, protected, and accessible when it matters most.



KEY TAKEAWAY

Password managers are powerful tools for protecting your identity, finances, and digital life—when used thoughtfully.



Use a password manager the right way to safeguard what matters most today and for the future.



Source: Based on expert analysis and testing from PCMag – 2026 Password Manager Review
Published: May 6, 2026

WHY PASSWORD MANAGERS MATTER

Stronger security. Less hassle.
Peace of mind.



STRONGER SECURITY

Generates and stores unique, complex passwords so your accounts stay safe from hackers.



NO MORE PASSWORD FATIGUE

Remembers all your passwords so you don't have to.



SAVES TIME

Auto-fills logins and payment details so you can get things done faster.



WORKS EVERYWHERE

Access your passwords securely on any device, anytime, anywhere.



PROTECTS WHAT MATTERS MOST

Helps safeguard your financial accounts, personal data, and loved ones.



BUILDS BETTER HABITS

Encourages strong security practices and helps you stay in control.



81% OF DATA BREACHES ARE CAUSED BY WEAK OR REUSED PASSWORDS.

Source: Verizon Data Breach Investigations Report (widely cited credential compromise statistics)



A PASSWORD MANAGER IS ONE OF THE SIMPLEST WAYS TO PROTECT YOUR DIGITAL LIFE.



One secure login today can prevent a world of problems tomorrow. *Your future self* will thank you.

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THE BEST PASSWORD MANAGERS AT A GLANCE 2026

Expert tested. Independently reviewed. Built for today's threats.

 Source: PCMag – 2026 Password Manager Review
Published: May 6, 2026



-  **STRONG ENCRYPTION**
End-to-end encryption keeps your data private.
-  **ZERO-KNOWLEDGE**
Only you can access your vault.
-  **CROSS-PLATFORM**
Works seamlessly across all your devices.
-  **TRUSTED & TESTED**
Rigorously tested for security, usability, and reliability.

RANK	PASSWORD MANAGER	OVERALL SCORE (OUT OF 10)	KEY STRENGTHS	STARTING PRICE (USD)	PLATFORMS SUPPORTED	PCMAG EDITORS' CHOICE
1	 1Password	4.5 ★★★★★ EXCELLENT	Exceptional security, intuitive design, and the most polished experience across all platforms.	\$2.99 / month (individual)	  iOS  	 EDITORS' CHOICE
2	 Bitwarden	4.5 ★★★★★ EXCELLENT	Open-source, highly secure, feature-rich, and the best free plan available.	\$1.00 / month (premium)	  iOS  	 EDITORS' CHOICE
3	 Dashlane	4.0 ★★★★☆ VERY GOOD	User-friendly with built-in VPN, dark web monitoring, and strong extras for everyday security.	\$4.99 / month (premium)	  iOS 	 EDITORS' CHOICE
4	 LastPass	3.5 ★★★☆☆ GOOD	Solid features and easy to use; recent security improvements boost confidence.	\$3.00 / month (premium)	  iOS 	–
5	 KeePassXC	3.5 ★★★☆☆ GOOD	Open-source, completely free, and highly customizable for power users.	FREE	  	–



KEY TAKEAWAY

1Password and Bitwarden earned the top scores for security, usability, across-platform support, and value.



WHY IT MATTERS

A password manager is one of the simplest and most effective ways to protect your identity, data, and digital life.



HOW WE TEST

PCMag's experts evaluate password managers on security, ease of use, features, performance, and value. Products are tested on Windows, macOS, iOS, and Android.



Read the full review at pcmag.com/picks/password-managers



How Account Recovery & Access Works: (1Password)



Recovery Codes: You can generate cryptographic recovery codes directly within 1Password. In an emergency, these codes can be used on 1Password to verify your identity, bypass your lost Master Password or Secret Key, and establish new credentials.



Family & Team Organizers: If you use a 1Password Families or Business plan, designated organizers and administrators can initiate an account recovery for you. Doing this allows you to create a new password and Secret Key without losing any of your existing vault data.



Emergency Kit: Your kit contains all the core credentials required to access your account. The safest way to grant a trusted person emergency access is to physically print out your Emergency Kit, write your Master Password on it, and store it in a secure place (like a home safe or safety deposit box).

Prepare your Emergency Kit

Follow these tips to prepare your Emergency Kit and store it safely:

- **Print a copy** to keep in a safe deposit box or with your passport or birth certificate.
- **Write your 1Password account password** in at least one printed copy of your Emergency Kit.
If you [turn on two-factor authentication](#) for your 1Password account, also write down the 16-character secret next to the QR code in case you lose access to your authenticator app.
- **Save it to your personal cloud storage**, so you always have a digital copy available.
- **Give a copy to someone you trust**, like your spouse or someone in your will.



1Password Emergency Kit

Created for Wendy Appleseed on 2022-10-07.

1Password Account Details

SIGN-IN ADDRESS
https://teamagilebits.1password.com

EMAIL ADDRESS
wendy_appleseed@agilebits.com

SECRET KEY
A3-FSHJNM-7T85AC-VC83W-7NTCN-457SS-BA3H1

PASSWORD

Need help?
Contact 1Password at:
support@1password.com

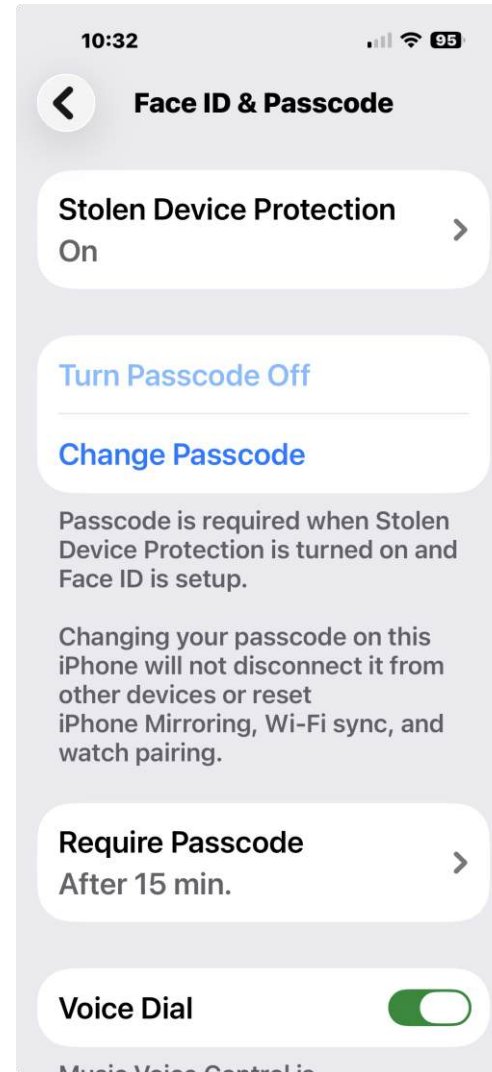
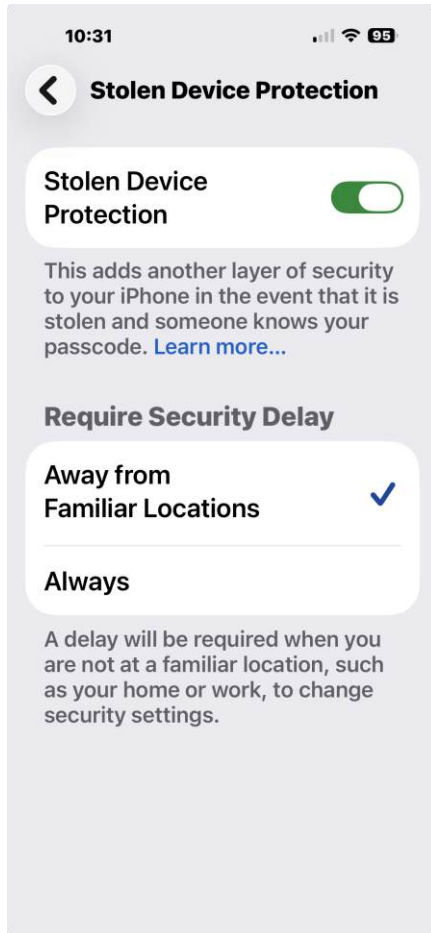
Setup Code
Scan this code from the 1Password apps to set up your account quickly and easily.

TECH TIP

Tired of Hacked Passwords? Help Is on the Way.

Apps from Apple, Google and others can assist in making your online accounts more secure, even as new ways of logging in continue to take off.

- Keep in mind that having all your passwords on a device that can be stolen — and snatched themselves if someone knows your lock-screen PIN code — is a security risk of its own. Turn on Apple's [Stolen Device Protection](#) feature in the iOS settings, or Google's [Identity Check](#) and other [theft protection](#) tools in the Android settings, for added protections.



Alternative: Emergency Kit

- Static document with credentials
- Stored physically or digitally
- Immediate access once found
- No revocation after sharing



What Gets Transferred



USERNAMES AND
PASSWORDS



SECURE NOTES AND
INSTRUCTIONS



FINANCIAL AND CRYPTO
ACCOUNT DATA



FULL DIGITAL
FOOTPRINT

Best Practice Framework

1

Enable emergency access

2

Create digital inventory

3

Coordinate with estate documents

4

Add redundancy (backup access)

5

Communicate plan clearly

Advisor Script: Opening Conversation

“If something happened to you tomorrow...”

“Could your spouse access everything?”

“Do they know where your accounts are?”

“Let’s solve that today.”

Advisor Script: Handling Objections

“I already have a will” → This is separate from access

“My spouse knows everything” → Usually incomplete

“I’ll do it later” → Risk of permanent loss

“Is this safe?” → Explain encryption + controls

What Advisors Should Tell Clients To Do

1. Set up legacy contacts (e.g. Apple, Facebook)
2. Enable Google Inactive Account Manager
3. Use a secure password manager
4. Maintain a digital asset inventory
5. Include digital access in estate documents
6. Communicate plan to trusted family members

Case Study

Source: Wall Street Journal, May 2-3, 2026 Edition

My Daughter Died at Age 32.
My Devices Won't Let me Rest.
Wall Street Journal May 2-3, 2026



Miranda and her mother,
Danielle Crittenden,



Digital Afterlife: What Families Face

- Devices continue surfacing memories of the deceased
- Families often cannot access meaningful digital data
- Major tech platforms impose strict access rules

Real-World Outcome (From Article)



APPLE: PROVIDED
PHOTOS ONLY



GOOGLE: PROVIDED
METADATA, NOT EMAIL
CONTENT

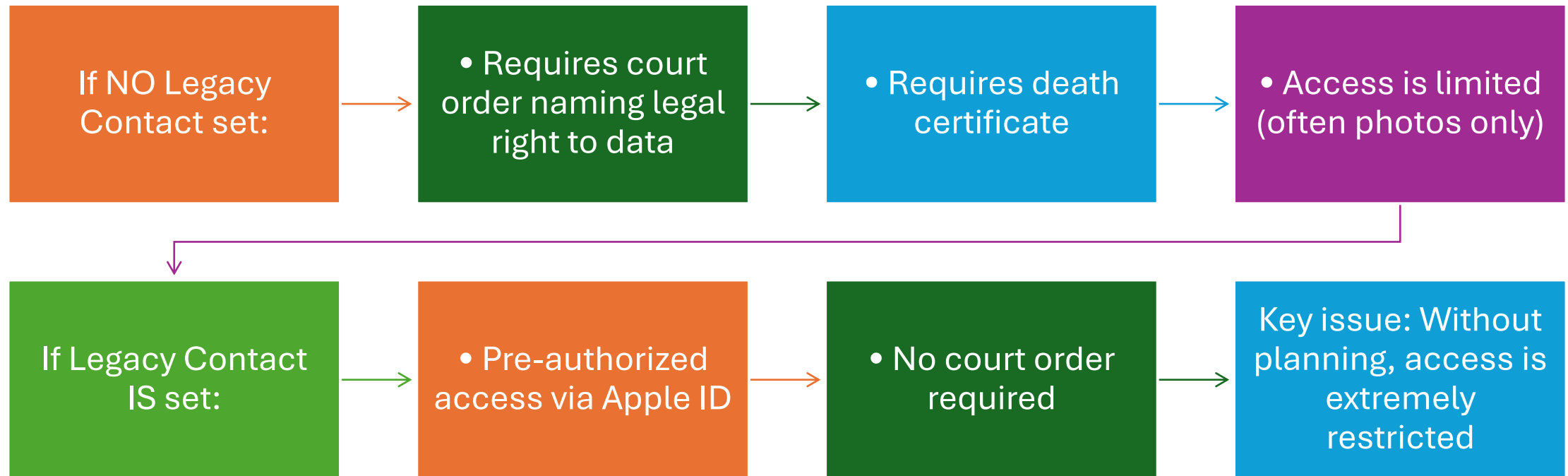


AT&T: REFUSED TO
UNLOCK PHONE



**RESULT: INCOMPLETE
ACCESS DESPITE LEGAL
EFFORT**

Apple (iPhone, iCloud, Mac)





Set Up a Legacy Contact for Your iPhone

A legacy contact is someone you trust to access the data in your account after your death.



PEACE OF MIND

Your legacy contact can access the data in your account to preserve your memories, photos, and important information.

HOW TO SET UP A LEGACY CONTACT

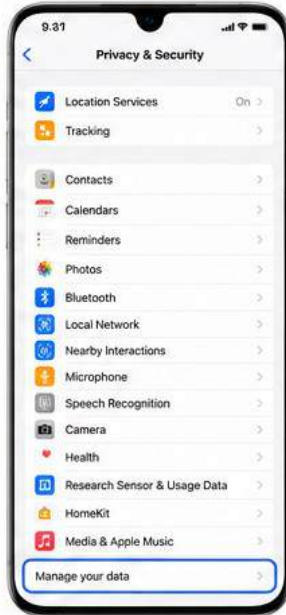
1 Open Settings

Open the Settings app on your iPhone.



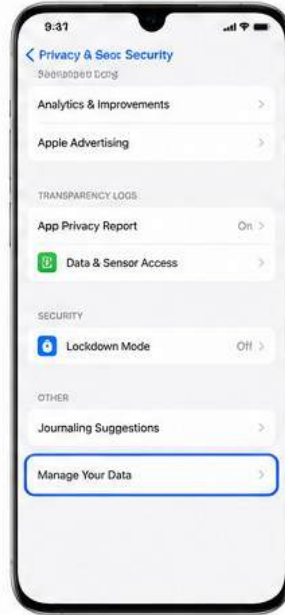
2 Go to Privacy & Security

Tap "Privacy & Security" at the bottom.



3 Tap Manage Your Data

Scroll to the bottom and tap "Manage Your Data".



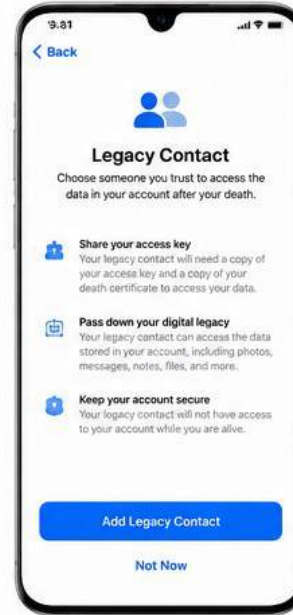
4 Select Legacy Contact

Tap "Legacy Contact" and then "Add Legacy Contact".



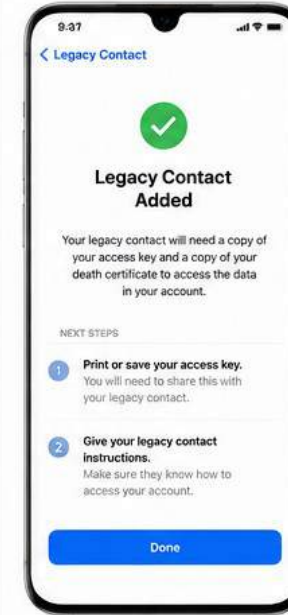
5 Add a Trusted Person

Choose someone you trust and tap "Next".



6 Share Your Access Key

Follow the steps to share your access key securely.



WHAT IS AN ACCESS KEY?

Your access key is a unique code that your legacy contact will need, along with a copy of your death certificate, to access the data in your account.



WHAT CAN THEY ACCESS?

Your legacy contact can access the data stored in your account, including photos, messages, notes, files, device backups, and more.



WHAT CAN'T THEY DO?

- They cannot use your account.
- They cannot make purchases.
- They cannot change your account settings.
- They cannot access iCloud Keychain items or payment information.



IMPORTANT TO KNOW

You must be 13 or older to set up a legacy contact. You can update or remove your legacy contact at any time in Manage Your Data.

i You are in control. Only you can add, remove, or change your legacy contact.



Learn more: support.apple.com/102631

Google (Gmail, Drive, Photos)

Primary tool: Inactive Account Manager (must be set in advance)

Without it:

- Requires court order and legal review
- May provide metadata (dates, recipients) but NOT content
- Process is slow and uncertain

Key issue: Full access rarely granted without prior setup

UNDERSTANDING GOOGLE'S INACTIVE ACCOUNT MANAGER

PROACTIVELY DECIDE THE FUTURE OF YOUR DIGITAL LEGACY

1 STEP-BY-STEP SETUP (HOW TO ACTIVATE IT)



2 KEY SETUP OPTIONS (WHAT YOU CUSTOMIZE)



3 HOW IT WORKS (AUTOMATED FLOW)





Facebook (Meta)

Options:

- Memorialized account (default after death)
- Legacy Contact (if designated in advance)

Requirements:

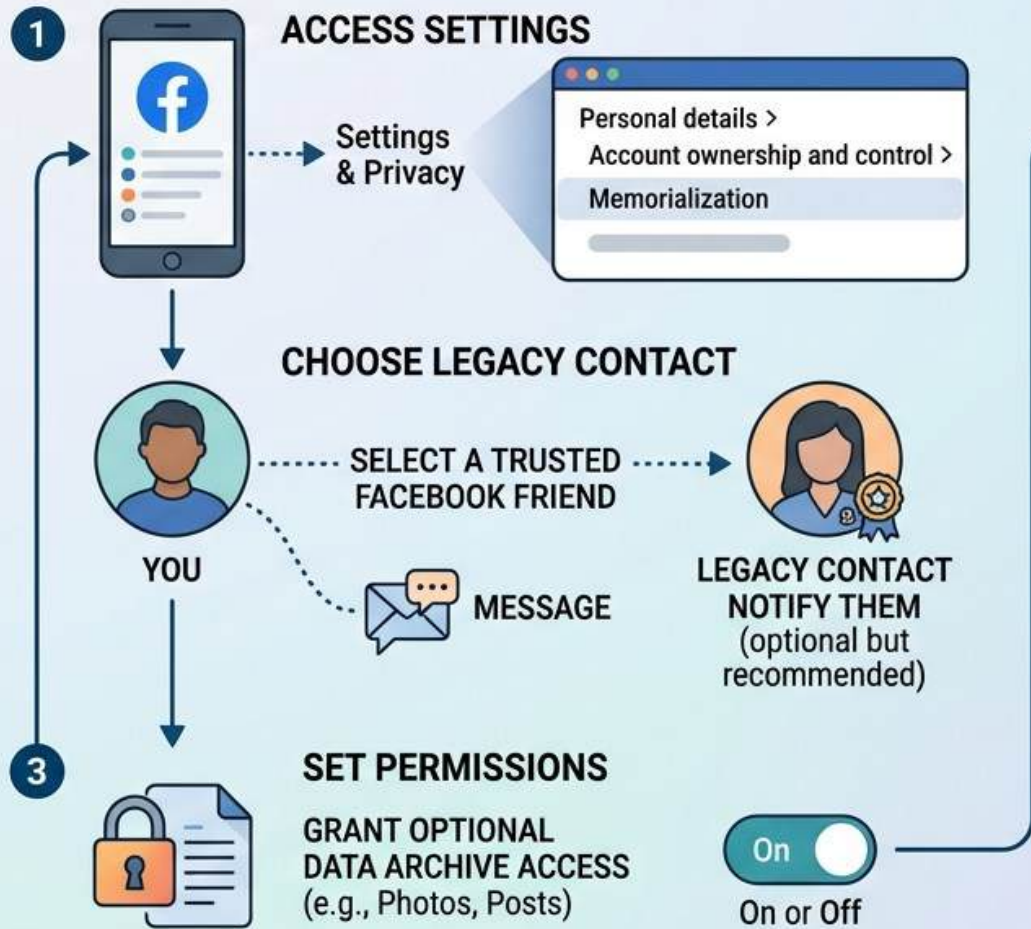
- Proof of death (obituary or death certificate)
- Proof of relationship (in some cases)

Limitations:

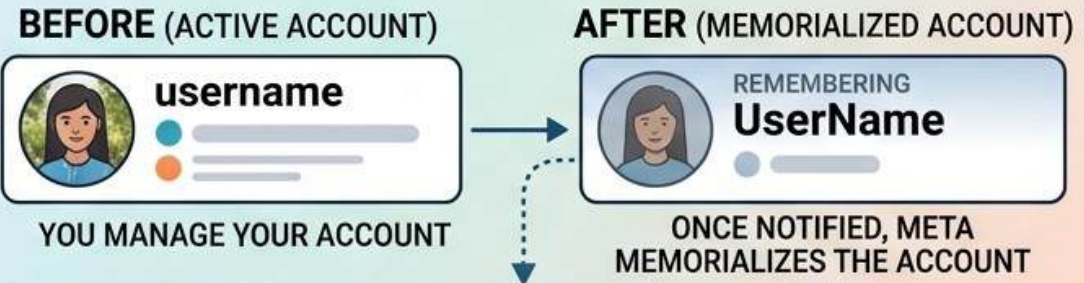
- No login credentials ever provided
- Messages and private data remain inaccessible

META LEGACY ACCOUNT: GUIDE TO SET-UP & USE

SETTING UP



HOW IT WORKS



LEGACY CONTACT PERMISSIONS

- PINNED POST**
WRITE A PINNED POST (e.g., memorial service info)
- FRIEND REQUESTS**
RESPOND TO NEW FRIEND REQUESTS
- PROFILE/COVER PHOTO**
UPDATE PROFILE & COVER PHOTOS
- DATA ARCHIVE**
DOWNLOAD A COPY OF SHARED CONTENT (if permitted)
- ACCOUNT REMOVAL**
REQUEST ACCOUNT REMOVAL

WHAT THEY CANNOT DO

- LOG IN AS YOU
- READ MESSAGES
- REMOVE FRIENDS
- POST AS YOU

*Feature applies to Facebook profile. Settings for other Meta apps (like Instagram) vary.

AT&T (Mobile Carrier)

Typically requires:

- Court order or legal authority
- Proof of death
- Account verification

In many cases:

- Refuses to unlock devices
- Does NOT release text message content

Key issue: Carrier access is extremely limited

Additional Resources

- PC Mag Article: [Password Apps with Best Digital Legacy Options](#)
- [NY Times: The 2 Best Password Managers of 2026](#)

A hand is shown from the bottom, holding a small, detailed model of a house. The house has a brown roof, a chimney, and several windows. The background is a soft, out-of-focus blue and white gradient.

Real Estate

Protect and Preserving **Homes**

Most Popular Strategies

TO PASS YOUR HOME WITH TAX EFFICIENCY AND PROTECTION



Goal: Protect your home equity, minimize taxes, avoid probate, and provide for loved ones.

	1 Revocable Living Trust The Most Flexible Solution	2 Enhanced Life Estate Deed (Lady Bird Deed) Simple & Effective (State Dependent)	3 Irrevocable Trust Asset Protection & Medicaid Planning	4 QPRT (Qualified Personal Residence Trust) Transfer Wealth, Keep the Benefits
HOW IT WORKS	You transfer the home to a trust. You control it during your lifetime. It passes to your heirs per trust terms.	You retain lifetime ownership and control. The home passes to your beneficiaries at death.	You transfer the home to an irrevocable trust, giving up ownership and control.	You transfer your home to a trust for a set term, then it passes to your heirs.
CONTROL	Full control – can sell, refinance, or change trust at any time.	Full control – can sell, refinance, or change beneficiaries.	No control (once funded) May retain right to live in the home.	Keep the right to live in the home for the trust term.
PROBATE	✓ Avoids Probate	✓ Avoids Probate	✓ Avoids Probate	✓ Avoids Probate
STEP-UP IN BASIS	✓ Preserved	✓ Preserved (in most states)	✓ Preserved (if properly structured)	✓ Preserved
MEDICAID PROTECTION	○ Limited	✓ Strong (avoids estate recovery in many states)	✓ Strong (after 5-year lookback period)	○ Limited to Moderate
CREDITOR PROTECTION	○ Limited	○ Limited	✓ Strong	✓ Strong (during trust term)
BEST FOR	Most homeowners seeking flexibility, probate avoidance, and tax efficiency.	Homeowners in states where Lady Bird Deeds are available who want simplicity and Medicaid protection.	Those with long-term care concerns or significant asset protection needs.	High net worth homeowners who want to transfer wealth at a reduced gift tax cost while retaining the right to live in the home.



KEY TAKEAWAY

There is no one-size-fits-all solution. The right strategy depends on your goals, health, family situation, and state laws. Work with an estate planning professional to create a plan tailored to your needs.





REMEMBER

Plan early. The best strategies require time to be most effective.

WHY CAPITAL GAINS TAXES MATTER

Capital gains taxes are often a bigger concern than estate taxes.



	KEY TAKEAWAY Preserving the step-up in basis by holding the home until death can save heirs significant capital gains taxes.		Smart estate planning today protects more for your loved ones tomorrow.
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Do Family Partnerships or LLCs Make Sense for Primary Residences?

THE ANSWER: SOMETIMES—BUT NOT FOR MOST FAMILIES.

These structures can solve important problems in the right situations, but they also come with tradeoffs.

WHEN LLCs OR FAMILY PARTNERSHIPS CAN MAKE SENSE



1. ASSET PROTECTION Potentially Useful

Adds a layer of separation and may provide creditor protection in some states.

! Courts can pierce protection; homestead laws may already provide strong protection.



2. MULTI-GENERATIONAL PROPERTIES Excellent Use Case

Ideal for vacation homes, family compounds, or legacy properties.

- ✓ Establishes governance rules
- ✓ Manages use & expenses
- ✓ Prevents disputes
- ✓ Keeps property in the family



3. ESTATE TAX REDUCTION (VALUATION DISCOUNTS) More Relevant for Higher Net Worth

Minority interests may qualify for discounts, reducing the value of gifts or estate.

! Best for estates well above exemption amounts. IRS scrutiny is significant.



4. BLENDED FAMILIES OR SHARED OWNERSHIP Sometimes Very Useful

LLCs can create customized rules for ownership, occupancy, buyouts and inheritance.

BETTER ALTERNATIVES FOR MOST FAMILIES

GOAL	OFTEN BETTER TOOL	GOAL	OFTEN BETTER TOOL
Probate avoidance	Revocable living trust	Simplicity	Lady Bird deed (in some states)
Long-term care planning	Irrevocable Medicaid trust	Multi-generational governance	LLC can be excellent
Spousal protection	Trust planning	Estate tax discounts	FLP/LLC may help affluent families
Basis step-up preservation	Retain ownership until death		

PRACTICAL RULE OF THUMB



Usually Best
Revocable Living Trust



Sometimes Best
Irrevocable Trust



Occasionally Best
LLC or Family Partnership



Often Best for
Ultra-Wealthy
QPRT + Advanced Trust Planning

← SIMPLE & FLEXIBLE

→ MORE COMPLEX



KEY TAKEAWAY

For most families with homes under \$2 million and no federal estate tax exposure, an LLC or FLP is usually unnecessary and may create unintended consequences.

Start with simple, proven strategies—and use advanced structures only when they solve a clear, specific problem.



1. Identify the actual risks



2. Understand the tax implications



3. Consider family dynamics



4. Align with long-term objectives

THE CORE QUESTION



“What problem are we trying to solve?”

LLCs and family partnerships are not primarily tax-saving vehicles for ordinary primary residences. They are control, protection, and governance tools.

WHY LLCs OFTEN DO NOT MAKE SENSE



1. POTENTIAL LOSS OF HOMESTEAD PROTECTION
Some states weaken or eliminate homestead protections when property is owned by an LLC.



2. MORTGAGE & FINANCING PROBLEMS
Lenders often dislike LLC-owned primary residences. Refinancing may be difficult and more expensive.



3. LOSS OF CAPITAL GAINS EXCLUSION
Improper LLC structuring can jeopardize the \$500,000 home sale exclusion (married couples).



4. ADMINISTRATIVE COMPLEXITY
Requires annual filings, separate records, operating agreements, and ongoing discipline.



5. IRS SCRUTINY
FLPs and LLCs holding personal residences face intense IRS examination, especially with retained use.

WHERE OPRTs FIT IN



Qualified Personal Residence Trusts (QPRTs) can be a powerful tool for **higher-net-worth families**.

- ✓ Transfer your home to a trust
- ✓ Retain the right to live there for a set term
- ✓ Remove significant value from your taxable estate

Cleaner and more established for estate tax reduction than aggressive FLP/LLC residence planning.

1 TENANCY BY THE ENTIRETY (TBE)

POWERFUL MARRIED-COUPLE ASSET PROTECTION TOOL



HOW IT WORKS

Both spouses own the home as one legal entity. Neither owns a "share" – their interests are unified.

✓ KEY ADVANTAGES



STRONG CREDITOR PROTECTION

In many states, creditors of one spouse cannot force a sale of the home.



AUTOMATIC TRANSFER AT FIRST DEATH

The surviving spouse becomes the sole owner automatically.



SIMPLE & COST-EFFECTIVE

Easy to establish and maintain. No trust document required.

⚠ LIMITATIONS



DOES NOT PROTECT AGAINST:

- Joint creditors
- Nursing home spend-down
- Second marriage risks



NO LONG-TERM GENERATIONAL PLANNING

Children inherit only after the surviving spouse passes away.



STATE-SPECIFIC

Not available in all states (only about half of U.S. states recognize TBE).



BEST USE CASES

- ✓ Married couples
- ✓ High liability professions
- ✓ Creditor protection focus
- ✓ Simpler estates

2 COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP

EXCELLENT TAX STRATEGY IN COMMUNITY PROPERTY STATES



HOW IT WORKS

Spouses own the property together. At the first spouse's death, the entire property receives a step-up in basis.

AVAILABLE IN: California • Texas • Arizona • Nevada • Other Community Property States

THE MAJOR BENEFIT: DOUBLE STEP-UP IN BASIS

ORIGINAL COST

\$300,000



VALUE AT FIRST SPOUSE'S DEATH

\$1,800,000

(Example)



NEW BASIS FOR SURVIVING SPOUSE

\$1,800,000

(Full Property)



At the first spouse's death, the entire property gets a new basis equal to its fair market value. This can save substantial capital gains taxes when the home is later sold.



WHY IT MATTERS

Instead of only half the property getting a step-up (as in common law states), the entire property is stepped-up at the first death.

COMMUNITY PROPERTY STATE

Entire Property Steps Up



= Full Value at First Death

VS.

COMMON LAW STATE

Only 50% Steps Up



= Half Value at First Death



BEST USE CASES

- ✓ Married couples in community property states
- ✓ Homes with significant unrealized appreciation
- ✓ Minimizing future capital gains taxes

TRANSFER ON DEATH (TOD) STRATEGY FOR REAL ESTATE

A simple way to pass real property outside of probate.



A Transfer on Death deed allows you to name a beneficiary (or beneficiaries) who will automatically receive your real estate when you pass away—without going through probate.

KEY FEATURES



NON-PROBATE TRANSFER

The property passes directly to the named beneficiary at death.



NO GIFT DURING LIFE

You retain full ownership and control during your lifetime.



REVOCABLE

You can change or cancel the beneficiary designation at any time.



COST-EFFECTIVE & SIMPLE

Generally an inexpensive and straightforward process.

HOW IT WORKS



RESULT: Your beneficiaries receive the property without probate, saving time, costs, and court supervision.

BENEFITS

- ✓ Avoids probate and associated costs
- ✓ Privacy – no public court process
- ✓ Ensures your wishes are followed
- ✓ You keep full control during your lifetime
- ✓ Can be a good option for simple estates



IMPORTANT CONSIDERATIONS



State Laws Vary

TOD deeds are not available in every state. Requirements and effects vary.



Creditor Claims

The property may still be subject to your creditors' claims.



Medicaid Estate Recovery

In some states, the property may be subject to recovery after your death.



One Level of Beneficiaries

Most TOD deeds do not allow for contingent or multi-generational planning.



SOURCE: NOLO. "Transfer on Death Deeds: An Easy Way to Pass Property to Your Heirs."
(nolo.com/legal-encyclopedia/transfer-on-death-deeds-easy-way-pass-property-your-heirs.html)



TRANSFER ON DEATH (TOD) DEEDS FOR REAL ESTATE

Pass Your Home to Your Loved Ones—Without Probate



A Transfer on Death (TOD) deed—also called a Beneficiary Deed in some states—allows you to name a beneficiary who will automatically receive your real estate when you pass away, without going through probate.



KEY BENEFIT
Your property passes outside of probate while you keep full control during your lifetime.

STATES THAT ALLOW TOD / BENEFICIARY DEEDS

(AS OF 2025–2026)

33 STATES

PLUS
THE DISTRICT
OF COLUMBIA
allow some form
of Transfer on Death
(TOD) deed for
real estate.



■ TOD / Beneficiary Deed Allowed □ TOD / Beneficiary Deed Not Allowed

- | | | | |
|------------------------|----------------|-----------------|-------------------------|
| 1 Alaska | 10 Indiana | 19 New Mexico | 28 Virginia |
| 2 Arizona | 11 Kansas | 20 New York* | 29 Washington |
| 3 Arkansas | 12 Maine | 21 North Dakota | 30 West Virginia |
| 4 California | 13 Minnesota | 22 Ohio** | 31 Wisconsin |
| 5 Colorado | 14 Mississippi | 23 Oklahoma | 32 Wyoming |
| 6 Delaware* | 15 Missouri | 24 Oregon | DC District of Columbia |
| 7 District of Columbia | 16 Montana | 25 South Dakota | |
| 8 Hawaii | 17 Nebraska | 26 Texas | |
| 9 Illinois | 18 Nevada | 27 Utah | |

* Recently adopted (New York effective July 19, 2024; Delaware adopted in 2025)
** Ohio uses a TOD affidavit system instead of a traditional TOD deed.

HOW TOD DEEDS WORK

- 1 CREATE THE DEED**
You sign a Transfer on Death deed naming your beneficiary(ies).
- 2 RECORD THE DEED**
The deed is recorded with your county recorder's office.
- 3 YOU RETAIN CONTROL**
You continue to own, use, sell, or refinance the property.
- 4 TRANSFER AT DEATH**
When you pass away, the property transfers automatically to your beneficiary(ies).

RESULT: Your beneficiaries receive the property without probate, saving time, costs, and court supervision.

IMPORTANT CAVEATS

- Rules Vary by State**
Requirements for signing, witnessing, notarization, recording, and cancellation vary widely.
- Creditor Claims**
The property may still be subject to your creditors' claims.
- Medicaid Estate Recovery**
In some states, the property may be subject to recovery after your death.
- One Level of Beneficiaries**
Most TOD deeds do not allow for contingent or multi-generational planning.
- Not for Every Situation**
Less effective for blended families, complex trusts, or special needs planning.

STATES THAT DO NOT ALLOW TOD DEEDS

If a state is not listed above, it generally does not recognize TOD deeds for real estate.

- Common alternatives in these states include:**
- Enhanced Life Estate Deeds ("Lady Bird Deeds")
 - Joint Tenancy with Right of Survivorship
 - Revocable Living Trusts

FLORIDA
Uses Lady Bird Deeds

MICHIGAN
Uses Lady Bird Deeds

State laws are complex and change over time. Always consult an estate planning attorney in your state.

BEST USE CASES FOR TOD DEEDS

- Simple estates with one property
- Clear beneficiaries
- Avoiding probate costs and delays
- Privacy and simplicity
- One-generation transfers

SOURCES

- Nolo - "Which States Allow Transfer-on-Death Deeds for Real Estate?"
<https://www.nolo.com/legal-encyclopedia/free-books/avoid-probate-book/chapter5-1.html>
- LegalClarity Estate Law - "Which States Allow Transfer on Death Deeds: Full List"
<https://legalclarity.org/which-states-allow-transfer-on-death-deeds/>
- Trust & Will - "A Guide to Beneficiary Deed States"
<https://trustandwill.com/learn/beneficiary-deed-states>

More on QPRTs

What Is a QPRT?

A Powerful Estate Planning Tool to Transfer Your Home—Not Just Wealth



A Qualified Personal Residence Trust (QPRT) allows you to transfer your personal residence to beneficiaries at a reduced gift tax value while retaining the right to live in the home for a set number of years.




KEY BENEFITS OF A QPRT

- ESTATE TAX REDUCTION**
Removes future appreciation of your home from your taxable estate.
- DISCOUNTED GIFT VALUE**
The value of the home is discounted based on the term of years retained.
- RETAIN THE RIGHT TO LIVE IN THE HOME**
You continue to live in your home for the entire QPRT term.
- MULTIGENERATIONAL WEALTH TRANSFER**
Pass your home to children or other beneficiaries estate tax free.
- ASSET PROTECTION**
The home is protected from creditors and lawsuits in the trust.

IDEAL FOR

- High-net-worth individuals with valuable personal residences
- Families looking to pass the home to the next generation
- Those seeking to reduce future estate tax exposure
- Estate plans focused on wealth preservation and legacy



THE POWER OF A QPRT | “A QPRT allows you to pass your personal residence to future generations while you **continue to enjoy it today.**”

Planning Technique

Use of QPRT



The following scenarios illustrate the outcomes if Morey & Leslie were to use a Qualified Personal Residence Trust to remove their personal residence from their estate.



The term of the QPRT can be 10 years and they will thereafter rent the property owned by the QPRT until their death.



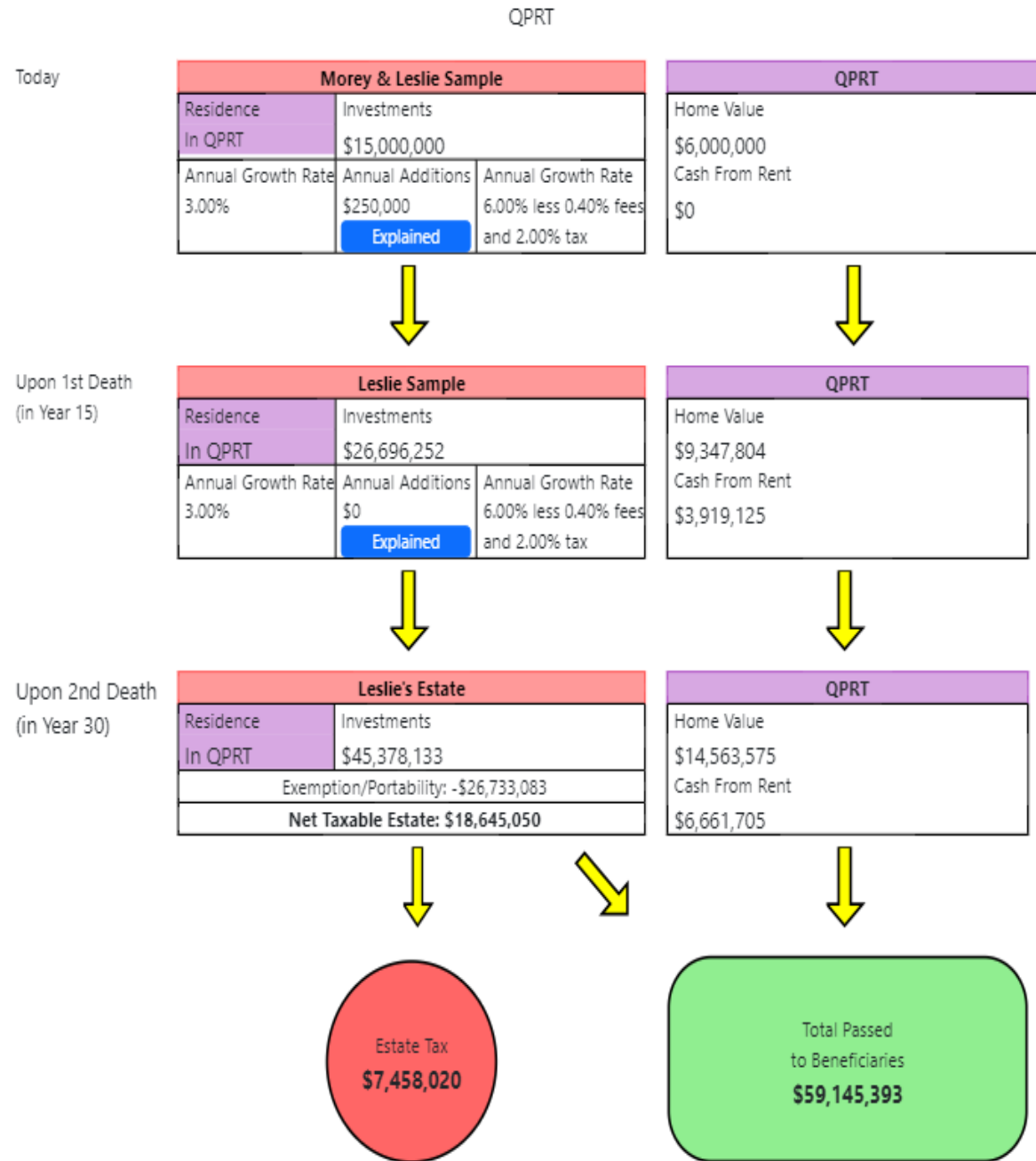
Scenario 1 illustrates a situation where one QPRT is established to hold the full value of the home.



Scenario 2 illustrates the situation where two QPRTs each hold 50% of the full value of the home.

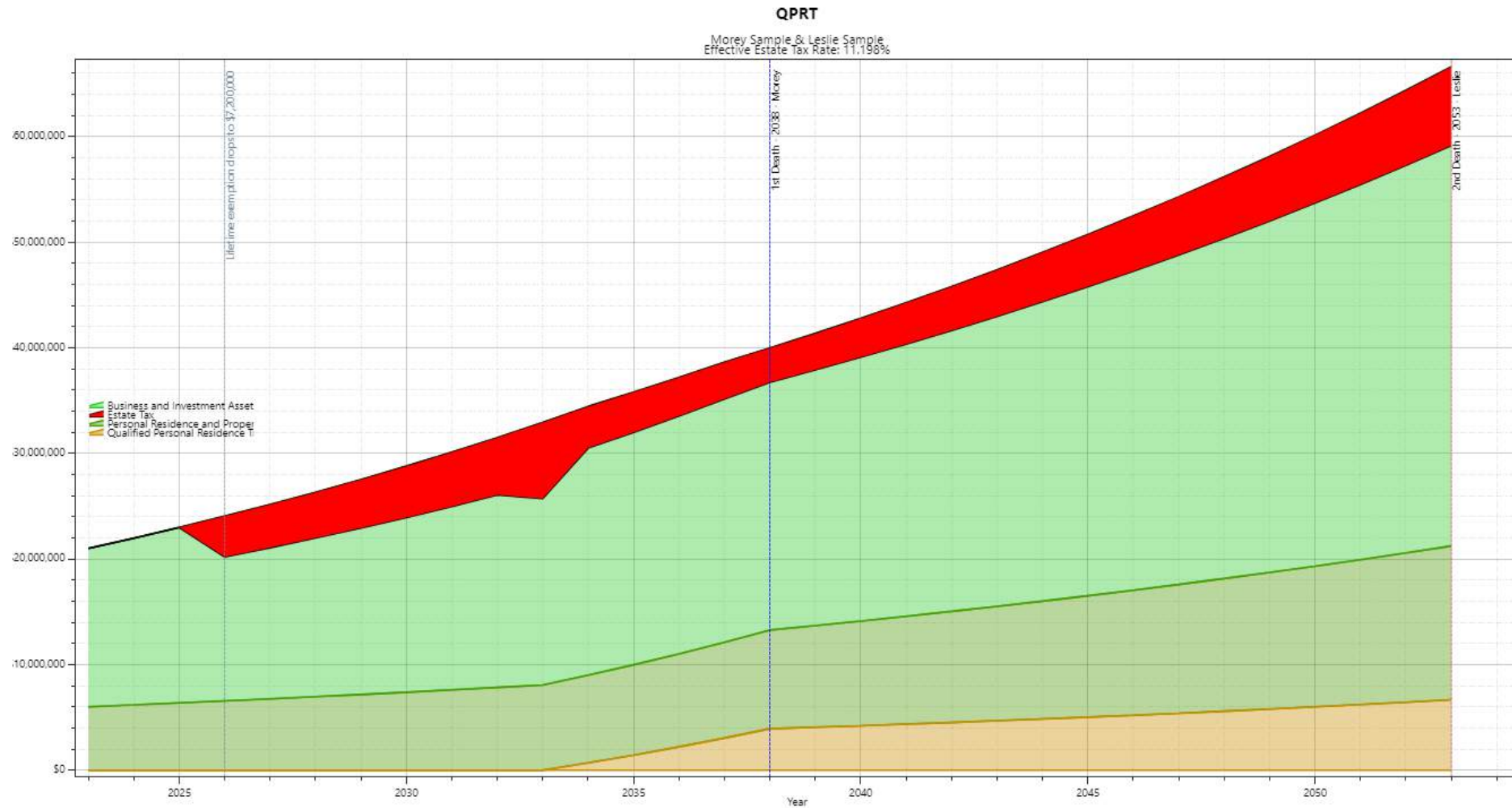
QPRT (Full value) **Morey Dies (Year 15) Leslie Dies (Year 30)**

- QPRT provides life estate for 10 years during possessory term.
- Morey & Leslie begin paying rent at 8% of the value of the home in year 11.
- Estate tax savings compared to no planning = \$7m



QPRT

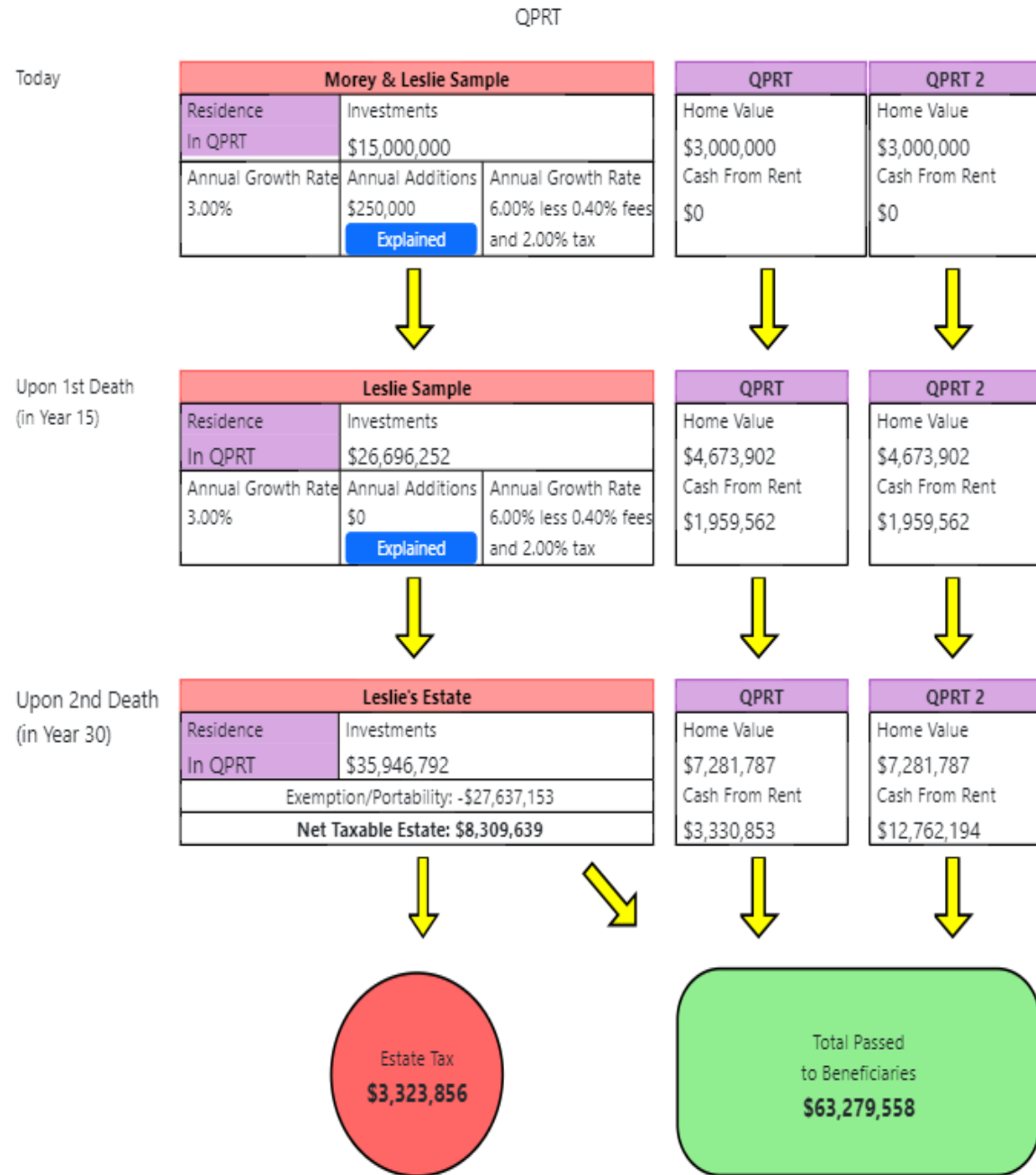
One trust with 100% of the home



Two QPRTS (Half value each)
Morey Dies (Year 15)
Leslie Dies (Year 30)

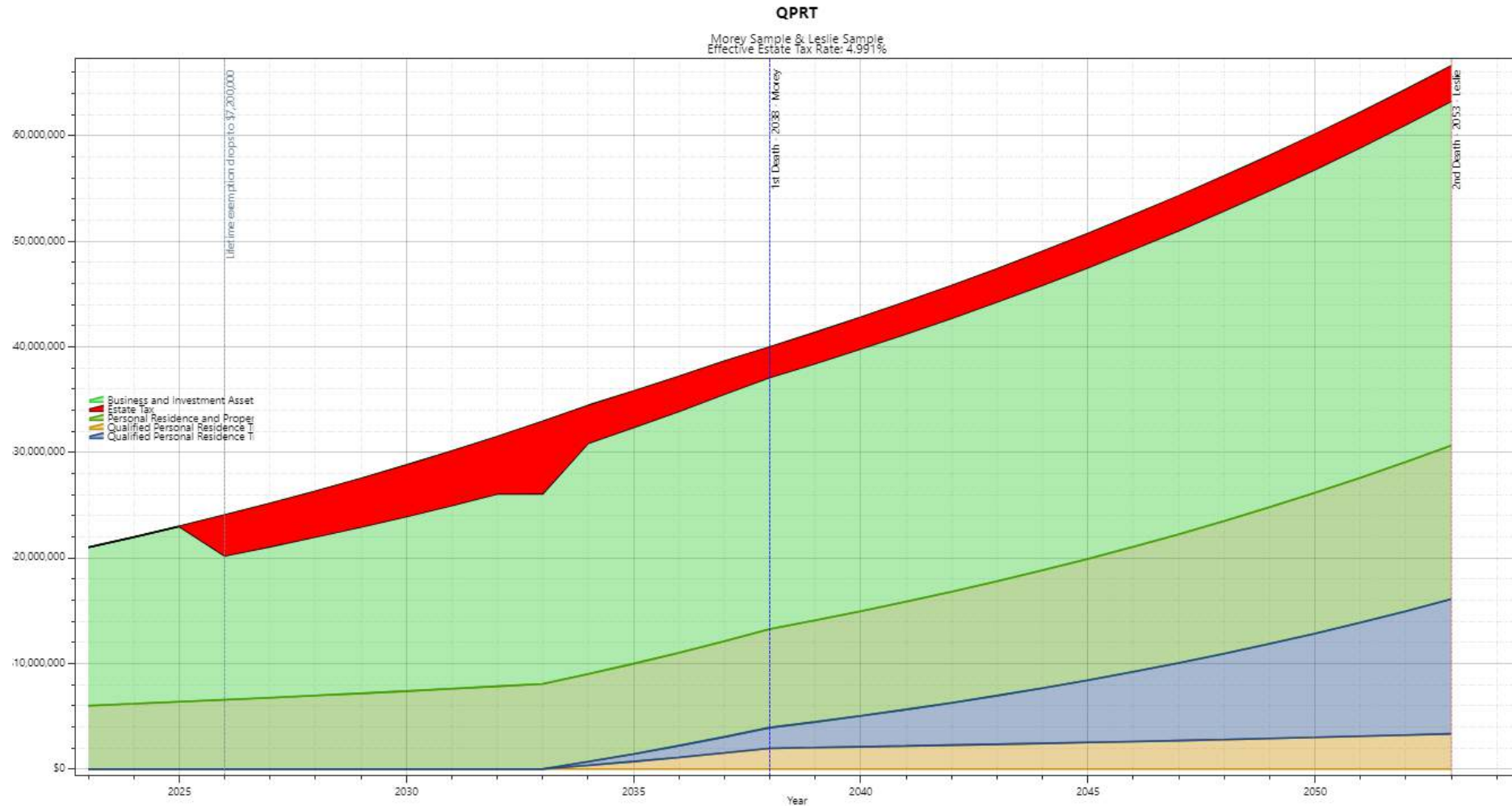
- Here, Morey & Leslie fund two QPRTs, each with half of the value of the personal residence.

- Estate Tax Savings compared to no planning = approx. \$11.1m



QPRT

Two trusts with 50% of the home



QPRT Chart

Married Couple, Ages 74 and 75 - Each Spouse Places 1/2 of \$2.5 Million Dollar Home Into 8 Year QPRT - With 15% Valuation Discount

1	2	3	4	5	6	7	8	9
Year	Calendar Year	Value of Home Growing at 4% Per Year	Annual Rent Paid (8% of the home value)	Total Rent Paid	Total Rent Invested at 7%	Estate Reduction (column 3 + column 6)	Use of Gift Exemption	Estate Tax Savings (column 7 - column 8) x 40%
1	2024	\$2,500,000	\$0	\$0	\$0	\$0	\$0	\$0
2	2025	\$2,600,000	\$0	\$0	\$0	\$0	\$0	\$0
3	2026	\$2,704,000	\$0	\$0	\$0	\$0	\$0	\$0
4	2027	\$2,812,160	\$0	\$0	\$0	\$0	\$0	\$0
5	2028	\$2,924,646	\$0	\$0	\$0	\$0	\$0	\$0
6	2029	\$3,041,632	\$0	\$0	\$0	\$0	\$0	\$0
7	2030	\$3,163,298	\$0	\$0	\$0	\$0	\$0	\$0
8	2031	\$3,289,829	\$0	\$0	\$0	\$0	\$0	\$0
9	2032	\$3,421,423	\$273,714	\$273,714	\$292,874	\$3,714,296	\$1,186,642	\$1,011,062
10	2033	\$3,558,280	\$284,662	\$558,376	\$597,463	\$4,155,742	\$1,186,642	\$1,187,640
11	2034	\$3,700,611	\$296,049	\$854,425	\$914,235	\$4,614,845	\$1,186,642	\$1,371,281
12	2035	\$3,848,635	\$307,891	\$1,162,316	\$1,243,678	\$5,092,313	\$1,186,642	\$1,562,268
13	2036	\$4,002,581	\$320,206	\$1,482,522	\$1,586,299	\$5,588,879	\$1,186,642	\$1,760,895
14	2037	\$4,162,684	\$333,015	\$1,815,537	\$1,942,625	\$6,105,308	\$1,186,642	\$1,967,466
15	2038	\$4,329,191	\$346,335	\$2,161,872	\$2,313,203	\$6,642,394	\$1,186,642	\$2,182,301
16	2039	\$4,502,359	\$360,189	\$2,522,061	\$2,698,605	\$7,200,964	\$1,186,642	\$2,405,729
17	2040	\$4,682,453	\$374,596	\$2,896,657	\$3,099,423	\$7,781,876	\$1,186,642	\$2,638,094
18	2041	\$4,869,751	\$389,580	\$3,286,237	\$3,516,274	\$8,386,025	\$1,186,642	\$2,879,753
19	2042	\$5,064,541	\$405,163	\$3,691,401	\$3,949,799	\$9,014,340	\$1,186,642	\$3,131,079
20	2043	\$5,267,123	\$421,370	\$4,112,770	\$4,400,664	\$9,667,787	\$1,186,642	\$3,392,458
21	2044	\$5,477,808	\$438,225	\$4,550,995	\$4,869,565	\$10,347,373	\$1,186,642	\$3,664,292
22	2045	\$5,696,920	\$455,754	\$5,006,749	\$5,357,221	\$11,054,141	\$1,186,642	\$3,947,000
23	2046	\$5,924,797	\$473,984	\$5,480,732	\$5,864,384	\$11,789,181	\$1,186,642	\$4,241,015
24	2047	\$6,161,789	\$492,943	\$5,973,676	\$6,391,833	\$12,553,622	\$1,186,642	\$4,546,792
25	2048	\$6,408,260	\$512,661	\$6,486,336	\$6,940,380	\$13,348,640	\$1,186,642	\$4,864,799
26	2049	\$6,664,591	\$533,167	\$7,019,504	\$7,510,869	\$14,175,460	\$1,186,642	\$5,195,527
27	2050	\$6,931,174	\$554,494	\$7,573,998	\$8,104,177	\$15,035,352	\$1,186,642	\$5,539,484
28	2051	\$7,208,421	\$576,674	\$8,150,671	\$8,721,218	\$15,929,640	\$1,186,642	\$5,897,199
29	2052	\$7,496,758	\$599,741	\$8,750,412	\$9,362,941	\$16,859,699	\$1,186,642	\$6,269,223
30	2053	\$7,796,629	\$623,730	\$9,374,142	\$10,030,332	\$17,826,961	\$1,186,642	\$6,656,127
31	2054	\$8,108,494	\$648,680	\$10,022,822	\$10,724,419	\$18,832,913	\$1,186,642	\$7,058,508
32	2055	\$8,432,834	\$674,627	\$10,697,448	\$11,446,270	\$19,879,103	\$1,186,642	\$7,476,984
33	2056	\$8,770,147	\$701,612	\$11,399,060	\$12,196,994	\$20,967,141	\$1,186,642	\$7,912,200
34	2057	\$9,120,953	\$729,676	\$12,128,736	\$12,977,748	\$22,098,701	\$1,186,642	\$8,364,823
35	2058	\$9,485,791	\$758,863	\$12,887,600	\$13,789,732	\$23,275,523	\$1,186,642	\$8,835,552
36	2059	\$9,865,222	\$789,218	\$13,676,818	\$14,634,195	\$24,499,417	\$1,186,642	\$9,325,110
37	2060	\$10,259,831	\$820,787	\$14,497,604	\$15,512,436	\$25,772,268	\$1,186,642	\$9,834,250
38	2061	\$10,670,225	\$853,618	\$15,351,222	\$16,425,808	\$27,096,032	\$1,186,642	\$10,363,756
39	2062	\$11,097,034	\$887,763	\$16,238,985	\$17,375,714	\$28,472,747	\$1,186,642	\$10,914,442
40	2063	\$11,540,915	\$923,273	\$17,162,258	\$18,363,616	\$29,904,531	\$1,186,642	\$11,487,155

QPRT Chart

Income Tax Analysis

Income Tax Analysis

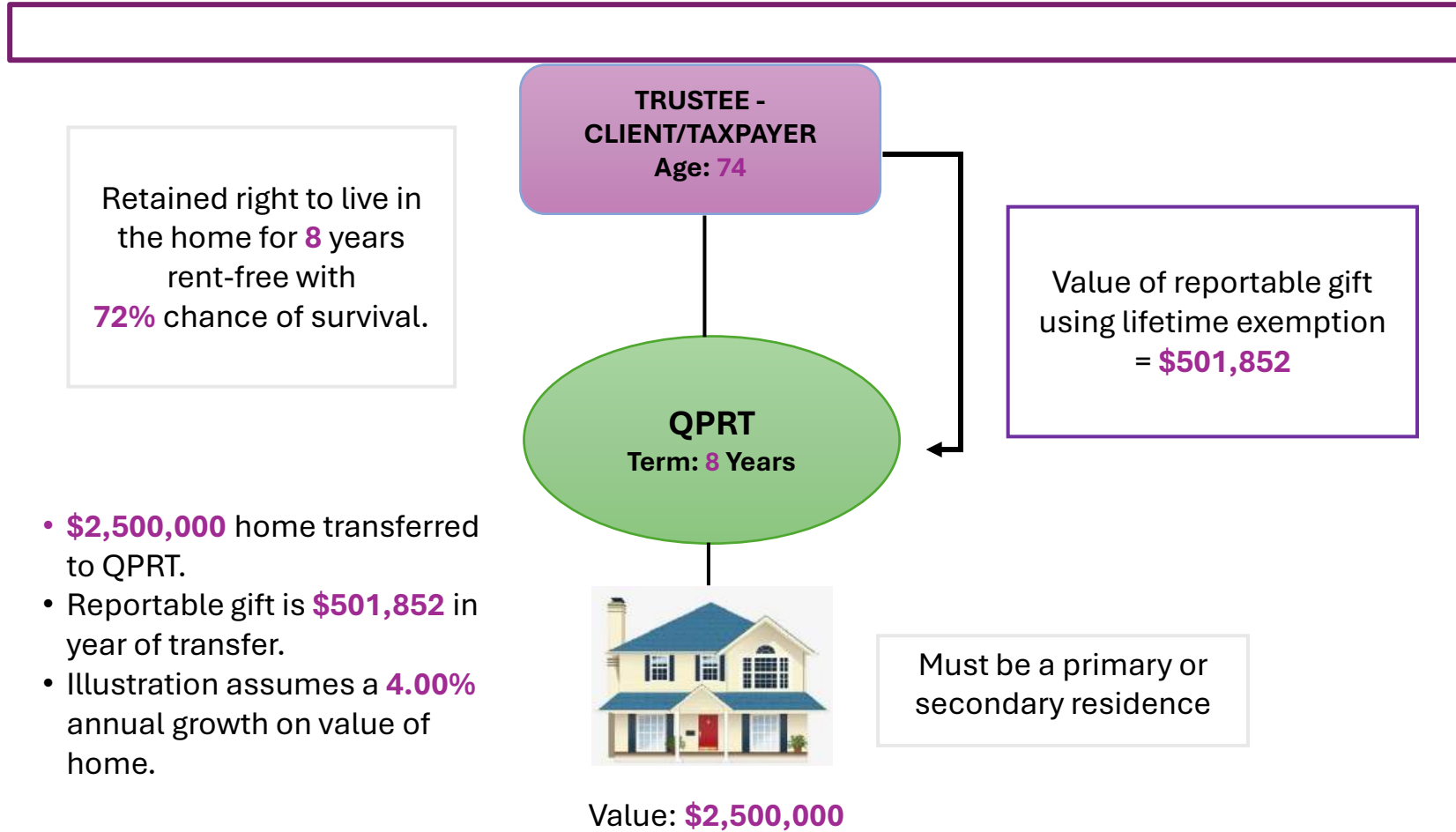
Year	Calendar Year	Value of Home Growing at 4% Per Year	Tax Basis	Gain on Sale	Income Taxes (28.8%)	Estate Tax Savings Less Income Taxes (28.8%)	Income Taxes (41.8%)	Estate Tax Savings Less Income Taxes (41.8%)
1	2024	\$2,500,000	\$1,655,000	\$845,000		\$0		\$0
2	2025	\$2,600,000	\$1,655,000	\$945,000		\$0		\$0
3	2026	\$2,704,000	\$1,655,000	\$1,049,000		\$0		\$0
4	2027	\$2,812,160	\$1,655,000	\$1,157,160		\$0		\$0
5	2028	\$2,924,646	\$1,655,000	\$1,269,646		\$0		\$0
6	2029	\$3,041,632	\$1,655,000	\$1,386,632		\$0		\$0
7	2030	\$3,163,298	\$1,655,000	\$1,508,298		\$0		\$0
8	2031	\$3,289,829	\$1,655,000	\$1,634,829		\$0		\$0
9	2032	\$3,421,423	\$1,655,000	\$1,766,423	(\$508,730)	\$502,332	(\$738,365)	\$272,697
10	2033	\$3,558,280	\$1,655,000	\$1,903,280	(\$548,145)	\$639,495	(\$795,571)	\$392,069
11	2034	\$3,700,611	\$1,655,000	\$2,045,611	(\$589,136)	\$782,145	(\$855,065)	\$516,216
12	2035	\$3,848,635	\$1,655,000	\$2,193,635	(\$631,767)	\$930,501	(\$916,939)	\$645,329
13	2036	\$4,002,581	\$1,655,000	\$2,347,581	(\$676,103)	\$1,084,792	(\$981,289)	\$779,606
14	2037	\$4,162,684	\$1,655,000	\$2,507,684	(\$722,213)	\$1,245,253	(\$1,048,212)	\$919,255
15	2038	\$4,329,191	\$1,655,000	\$2,674,191	(\$770,167)	\$1,412,134	(\$1,117,812)	\$1,064,489
16	2039	\$4,502,359	\$1,655,000	\$2,847,359	(\$820,039)	\$1,585,689	(\$1,190,196)	\$1,215,533
17	2040	\$4,682,453	\$1,655,000	\$3,027,453	(\$871,906)	\$1,766,187	(\$1,265,475)	\$1,372,618
18	2041	\$4,869,751	\$1,655,000	\$3,214,751	(\$925,848)	\$1,953,905	(\$1,343,766)	\$1,535,987
19	2042	\$5,064,541	\$1,655,000	\$3,409,541	(\$981,948)	\$2,149,131	(\$1,425,188)	\$1,705,891
20	2043	\$5,267,123	\$1,655,000	\$3,612,123	(\$1,040,291)	\$2,352,167	(\$1,509,867)	\$1,882,591
21	2044	\$5,477,808	\$1,655,000	\$3,822,808	(\$1,100,969)	\$2,563,323	(\$1,597,934)	\$2,066,358
22	2045	\$5,696,920	\$1,655,000	\$4,041,920	(\$1,164,073)	\$2,782,927	(\$1,689,523)	\$2,257,477
23	2046	\$5,924,797	\$1,655,000	\$4,269,797	(\$1,229,702)	\$3,011,314	(\$1,784,775)	\$2,456,240
24	2047	\$6,161,789	\$1,655,000	\$4,506,789	(\$1,297,955)	\$3,248,837	(\$1,883,838)	\$2,662,954
25	2048	\$6,408,260	\$1,655,000	\$4,753,260	(\$1,368,939)	\$3,495,860	(\$1,986,863)	\$2,877,936
26	2049	\$6,664,591	\$1,655,000	\$5,009,591	(\$1,442,762)	\$3,752,765	(\$2,094,009)	\$3,101,518
27	2050	\$6,931,174	\$1,655,000	\$5,276,174	(\$1,519,538)	\$4,019,946	(\$2,205,441)	\$3,334,043
28	2051	\$7,208,421	\$1,655,000	\$5,553,421	(\$1,599,385)	\$4,297,814	(\$2,321,330)	\$3,575,869
29	2052	\$7,496,758	\$1,655,000	\$5,841,758	(\$1,682,426)	\$4,586,796	(\$2,441,855)	\$3,827,368
30	2053	\$7,796,629	\$1,655,000	\$6,141,629	(\$1,768,789)	\$4,887,338	(\$2,567,201)	\$4,088,927
31	2054	\$8,108,494	\$1,655,000	\$6,453,494	(\$1,858,606)	\$5,199,902	(\$2,697,560)	\$4,360,948
32	2055	\$8,432,834	\$1,655,000	\$6,777,834	(\$1,952,016)	\$5,524,968	(\$2,833,134)	\$4,643,850
33	2056	\$8,770,147	\$1,655,000	\$7,115,147	(\$2,049,162)	\$5,863,037	(\$2,974,131)	\$4,938,068
34	2057	\$9,120,953	\$1,655,000	\$7,465,953	(\$2,150,194)	\$6,214,629	(\$3,120,768)	\$5,244,055
35	2058	\$9,485,791	\$1,655,000	\$7,830,791	(\$2,255,268)	\$6,580,284	(\$3,273,271)	\$5,562,281
36	2059	\$9,865,222	\$1,655,000	\$8,210,222	(\$2,364,544)	\$6,960,566	(\$3,431,873)	\$5,893,237
37	2060	\$10,259,831	\$1,655,000	\$8,604,831	(\$2,478,191)	\$7,356,059	(\$3,596,820)	\$6,237,431
38	2061	\$10,670,225	\$1,655,000	\$9,015,225	(\$2,596,385)	\$7,767,371	(\$3,768,364)	\$6,595,392
39	2062	\$11,097,034	\$1,655,000	\$9,442,034	(\$2,719,306)	\$8,195,136	(\$3,946,770)	\$6,967,672
40	2063	\$11,540,915	\$1,655,000	\$9,885,915	(\$2,847,144)	\$8,640,012	(\$4,132,312)	\$7,354,843

The Qualified Personal Residence Trust (QPRT) Planning Strategy

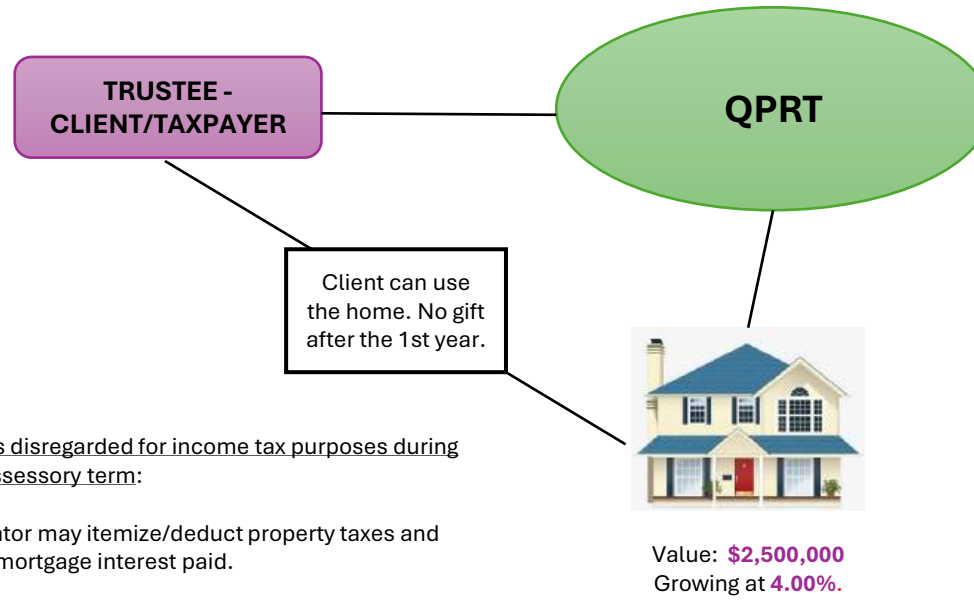


Prepared for:
Bob Sample

Transfer House to Trust - (Assumes No Rent, No Discount)



During the QPRT Term



QPRT is disregarded for income tax purposes during the possessory term:

- Grantor may itemize/deduct property taxes and any mortgage interest paid.
- The QPRT does not file a separate income tax return.

During the QPRT term, if the home ceases to be used as a primary or secondary residence or is sold by the Trustee:

- The home can be replaced with sale proceeds held in the Trust within 2 years to retain QPRT status; OR
- If home is not replaced, the trust can convert into a Grantor Retained Annuity Trust (GRAT) making payments to the Grantor for the remainder of the QPRT term.

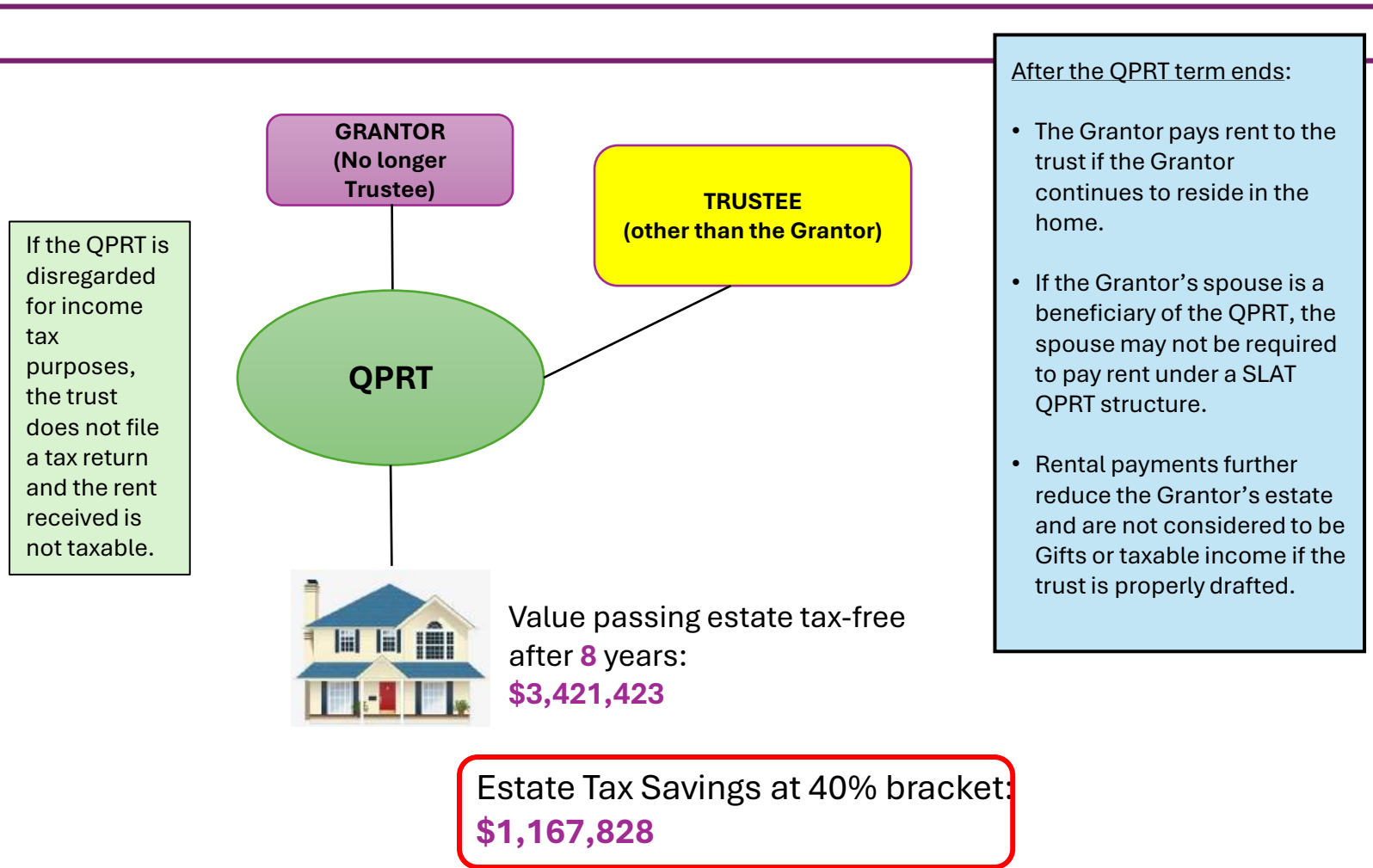
There's a Drafting Decision to deal with the event that a replacement home costs less than the original home:

- Excess proceeds may be paid outright to the Grantor within 30 days OR
- Excess proceeds may be converted to a GRAT making equal annual payments to the Grantor for the remainder of the QPRT term. (Better choice)

If the trust ceases to qualify as a QPRT during the **8** year term (due to the home's sale without replacement, for ex.) the proceeds must be paid outright to the Grantor or converted to a GRAT making annual annuity payments of **\$100,168** for the remaining Term.



After the 8 QPRT Term Ends



Paying Rent Further Reduces Estate Tax



No rent is payable during the Grantor's possessory term of **8** years.

Rent payments of **8.00%** of the home's value, beginning after the **8** year term through year **2034** removes another **\$1,991,144** from the estate in rent payments.

The probability of a **74** year-old surviving until **2034** is **58%**.

Value of home + growth until death removes **\$4,054,247** from estate.

Total **estate taxes saved** from removing home & appreciation & rent payments from estate assets is **\$2,135,171**.

Housing Price Indexes are published monthly by the Federal Housing Finance Agency and can be found @ fhfa.gov with ability to filter by local market.

Fair Rental Indexes are published annually by the Housing & Urban Development (HUD) Agency and can be found @ huduser.gov



Summary

Year #	Age	Beginning Value	Rent Due	Growth	End Value	Total Rent Paid	Assets Subject To Estate Tax	Assets Passing Outside Estate	Probability Of Survival
1	75	\$1,250,000	\$0	\$50,000	\$1,300,000	\$0	\$1,300,000	\$0	97.19%
3	77	\$1,352,000	\$0	\$54,080	\$1,406,080	\$0	\$1,406,080	\$0	91.00%
5	79	\$1,462,323	\$0	\$58,493	\$1,520,816	\$0	\$1,520,816	\$0	84.01%
7	81	\$1,581,649	\$0	\$63,266	\$1,644,915	\$0	\$1,644,915	\$0	76.17%
9	83	\$1,710,711	\$136,857	\$68,428	\$1,779,140	\$136,857	\$0	\$1,915,997	67.52%
11	85	\$1,850,305	\$148,024	\$74,012	\$1,924,318	\$461,372	\$0	\$2,385,690	58.16%
13	87	\$2,001,290	\$0	\$80,052	\$2,081,342	\$538,144	\$0	\$2,619,486	48.21%
15	89	\$2,164,596	\$0	\$86,584	\$2,251,179	\$627,692	\$0	\$2,878,871	38.08%
17	91	\$2,341,227	\$0	\$93,649	\$2,434,876	\$732,139	\$0	\$3,167,015	28.38%
19	93	\$2,532,271	\$0	\$101,291	\$2,633,561	\$853,967	\$0	\$3,487,529	19.71%
21	95	\$2,738,904	\$0	\$109,556	\$2,848,460	\$996,068	\$0	\$3,844,528	12.61%
23	97	\$2,962,398	\$0	\$118,496	\$3,080,894	\$1,161,813	\$0	\$4,242,708	7.33%
25	99	\$3,204,130	\$0	\$128,165	\$3,332,295	\$1,355,139	\$0	\$4,687,434	3.83%
27	101	\$3,465,587	\$0	\$138,623	\$3,604,211	\$1,580,634	\$0	\$5,184,845	1.77%
29	103	\$3,748,379	\$0	\$149,935	\$3,898,314	\$1,843,652	\$0	\$5,741,966	0.72%
30	104	\$3,898,314	\$0	\$155,933	\$4,054,247	\$1,991,144	\$0	\$6,045,391	0.44%



If The Grantor Dies Before The End Of The Trust Term:



The date-of-death value is pulled back into the Grantor's gross estate, but the corresponding gift tax exemption previously used is restored.

Potential remedies include:

- Distribute the home to a surviving spouse using the unlimited marital deduction
- Purchase term life insurance under an Irrevocable Life Insurance Trust ("ILIT") to cover potential estate taxes for the term of the trust

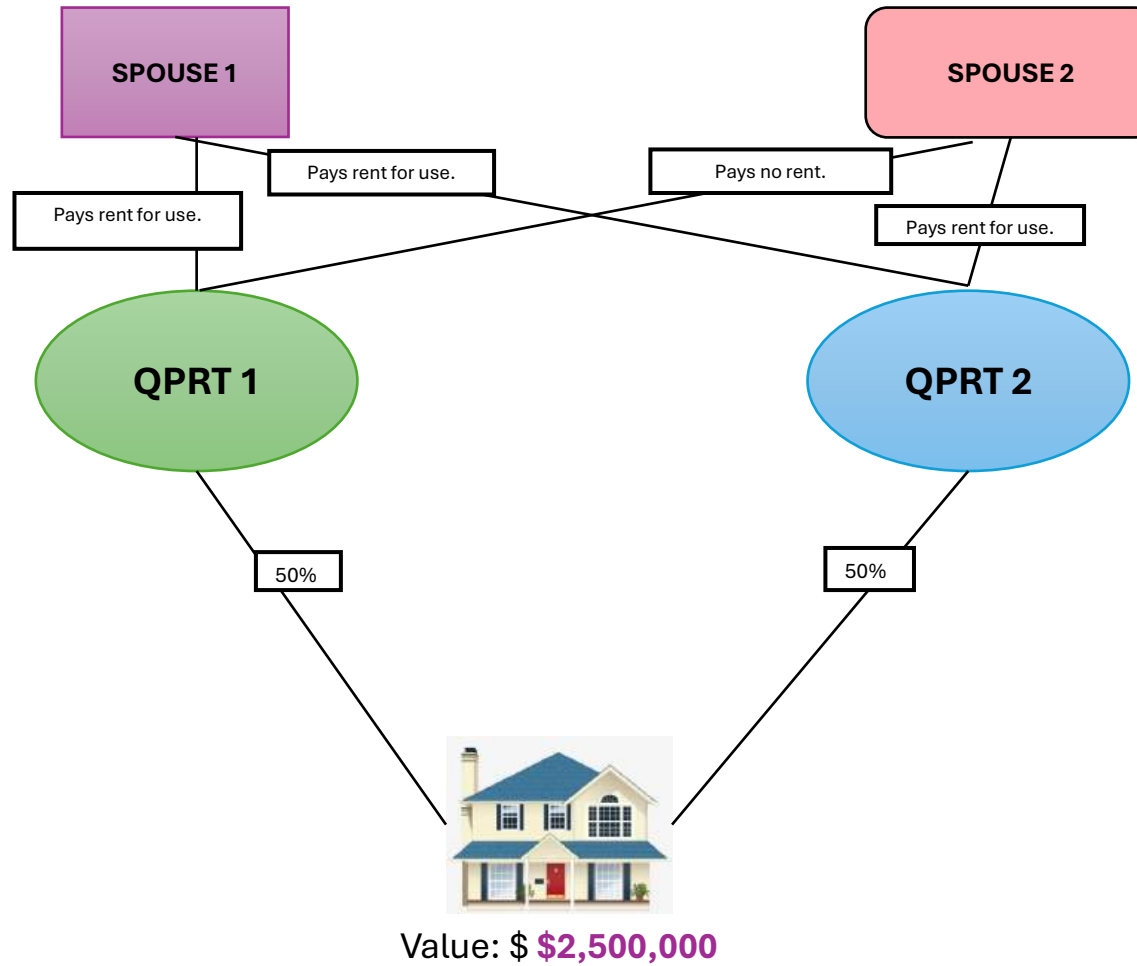


Married Spouses May Each Transfer 50% Of Home Into 2 Separate QPRTs

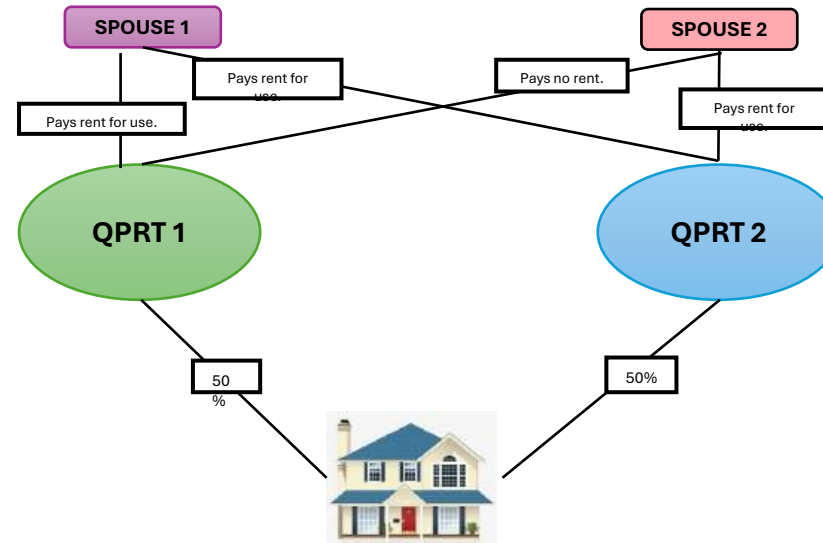


- To hedge bets that at least one spouse survives the Trust term
- Permits discounts typically ranging between 5% - 20% for partial interests depending upon State law.
- Avoid “Reciprocal Trust Doctrine” by:
 - Make QPRT 1 benefit spouse; QPRT 2 benefit descendants only; AND/OR
 - Use different Trust terms of years and other features for QPRT 1 & QPRT 2 if advisors believe this is safe (some don’t).

Transferring Married Spouses' Partial Interests (Using Non-Reciprocal QPRTs)



Transferring Married Spouses' Partial Interests (Using Non-Reciprocal QPRTs)



Many married couples will set up separate QPRTs established by each spouse. One QPRT can benefit the other spouse for his or her lifetime and allow the beneficiary spouse to have a “power of appointment” to direct how trust assets will pass on the spouse’s subsequent death.

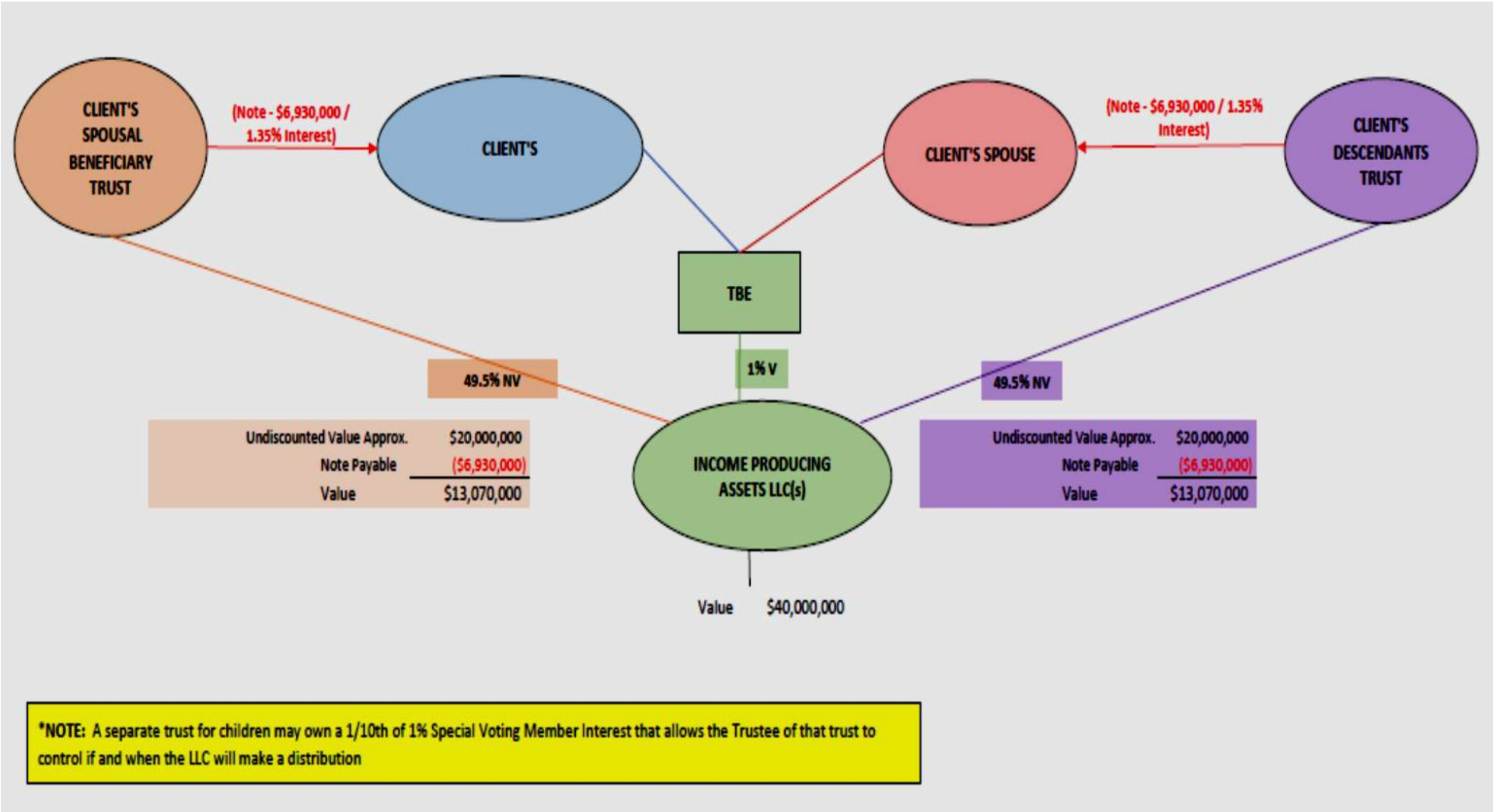
Because of the “**Reciprocal Trust Doctrine**” one spouse may establish a QPRT that will benefit the other spouse after the possessory term, and Trust Protectors might be named and have the ability to delete the spouse as a beneficiary to enable him/her to pay fair market rent after the possessory term has ended.

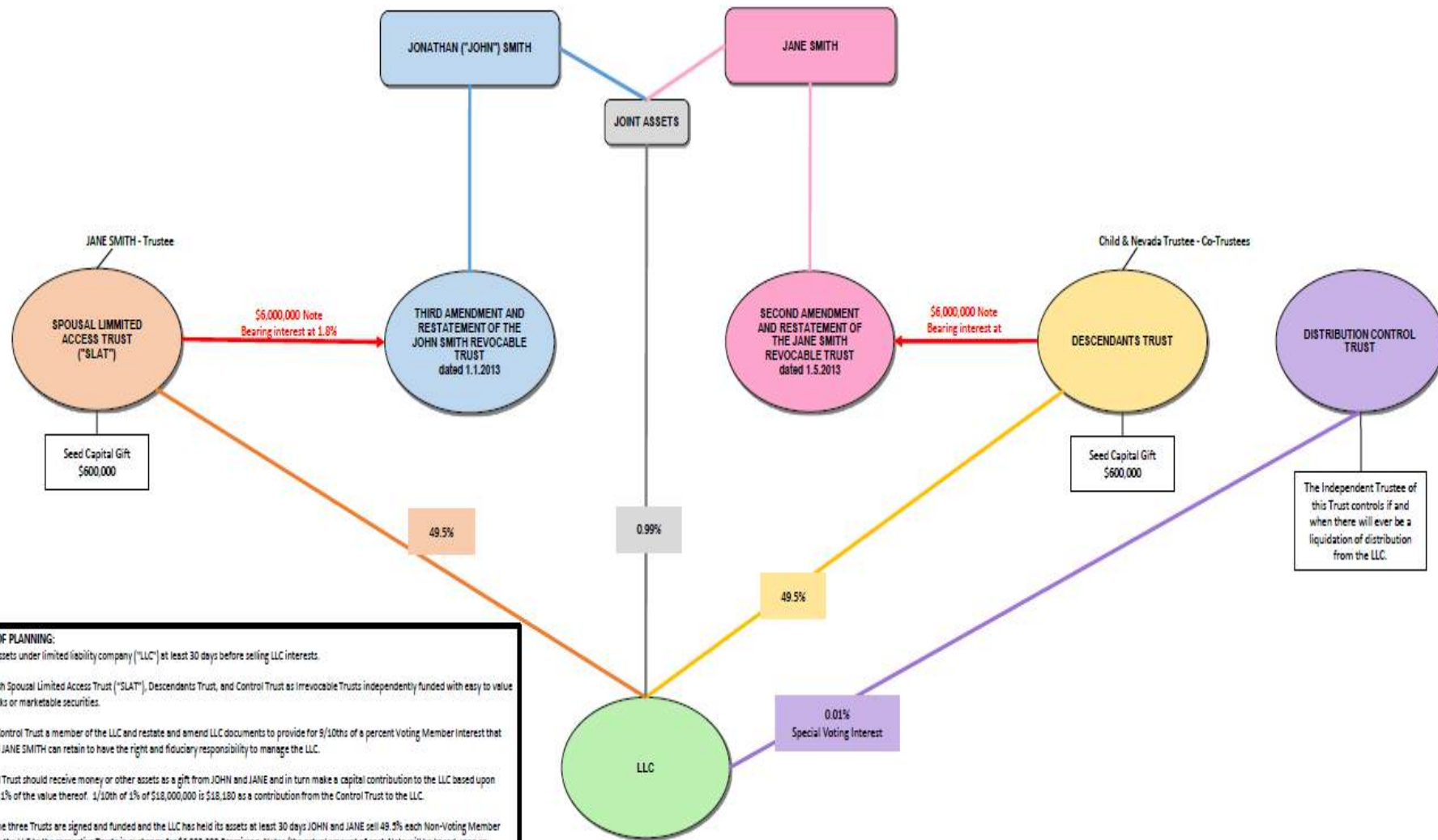


Estate Planning Technique(s) Used	Total Estate Tax Liability	Additional Estate Tax Savings Over Previous Step	Cumulative Estate Tax Savings
No planning.	\$42,434,027	N/A	N/A
1. Creation of Credit Shelter Trust on Death of First Dying Spouse	\$40,752,567	\$1,681,460	\$1,681,460
2. INSTEAD Making a Gift to an Irrevocable Trust of \$11,000,000	\$34,605,171	\$6,147,396	\$7,828,856
3. Item 2 PLUS Selling \$10,000,000 to Revocable Trust in Exchange for Low-Interest Note	\$30,571,612	\$4,033,559	\$11,862,415
4. Item 2 PLUS Placing \$15,000,000 into an LLC and selling a 99% Non-voting Interest for a \$10,000,000 Note.	\$26,106,659	\$4,464,953	\$16,327,368
5. Item 2 PLUS placing \$32,000,000 into an LLC and selling a 99% Non-voting Interest for a \$21,333,333 Note.	\$16,475,012	\$9,631,647	\$25,959,059



Installment Sale – 10 Years Later (2 Of 2)





- ORDER OF PLANNING:**
1. Place assets under limited liability company ("LLC") at least 30 days before selling LLC interests.
 2. Establish Spousal Limited Access Trust ("SLAT"), Descendants Trust, and Control Trust as Irrevocable Trusts independently funded with easy to value cash, stocks or marketable securities.
 3. Make Control Trust a member of the LLC and restate and amend LLC documents to provide for 5/10ths of a percent Voting Member interest that JOHN and JANE SMITH can retain to have the right and fiduciary responsibility to manage the LLC.
 4. Control Trust should receive money or other assets as a gift from JOHN and JANE and in turn make a capital contribution to the LLC based upon 1/10th of 1% of the value thereof. 1/10th of 1% of \$18,000,000 is \$18,180 as a contribution from the Control Trust to the LLC.
 5. Once the three Trusts are signed and funded and the LLC has held its assets at least 30 days JOHN and JANE sell 49.5% each Non-Voting Member interest in the LLC to the respective Trusts in exchange for \$6,000,000 Promissory Notes (the actual amount of each Note will be based upon an appraisal report to be received from a professional valuation firm and the discount may range from 30% to 40% depending upon the assets of the LLC and its circumstances).
 6. In 2022 file a gift tax return at least disclosing the seed capital gifts - recommended to disclose the installment sales so that the IRS would only have 3 years from the filing of the gift tax return with full disclosure to challenge these.
 7. Watch the political process - can forgive Notes or turn them partially into self-cancelling if and when the time is right if there is warning.





Strategies for Investment Properties

Protect and Preserve Wealth



MOST POPULAR STRATEGIES FOR FAMILIES

TO PRESERVE AND PROTECT INVESTMENT PROPERTIES

*** Multi-Family Homes • Vacation Rentals • Small Office Buildings ***



OVERARCHING GOAL

Preserve wealth, minimize taxes, protect against risks, and ensure properties benefit future generations.

	1 LLC OWNERSHIP The Foundation Strategy for Most Investors	2 HOLDING COMPANY STRUCTURE Asset Protection & Growth	3 1031 EXCHANGE Defer Taxes & Build Wealth	4 DEPRECIATION & TAX PLANNING Reduce Taxes, Increase Cash Flow	5 TRUST OWNERSHIP Control, Privacy & Legacy Planning	6 FAMILY LIMITED PARTNERSHIP (FLP) Multi-Generational Wealth Transfer
PRIMARY PURPOSE	Limit personal liability and separate assets.	Shield assets and create a scalable ownership structure.	Defer capital gains taxes when selling and reinvesting.	Legally reduce taxable income and increase after-tax returns.	Provide control, avoid probate, and pass assets to heirs on your terms.	Transfer ownership gradually and leverage valuation discounts.
KEY BENEFITS	<ul style="list-style-type: none"> Limits personal liability Pass-through taxation Creditor protection (varies by state) Simplifies management 	<ul style="list-style-type: none"> Strong asset protection Isolates liabilities Easier to add partners or investors Supports multiple properties 	<ul style="list-style-type: none"> Defers capital gains tax Increases purchasing power Builds long-term equity 	<ul style="list-style-type: none"> Reduces taxable income Depreciation, cost segregation, bonus depreciation Improves cash flow 	<ul style="list-style-type: none"> Avoids probate Maintain control with trust terms Protects from remarriage, creditors, or mismanagement Privacy 	<ul style="list-style-type: none"> Valuation discounts for estate/gift tax planning Gradual transfer to family members Keeps assets in the family
CONSIDERATIONS	<ul style="list-style-type: none"> Does not protect against personal guarantees State laws vary Must maintain formalities 	<ul style="list-style-type: none"> More complex Higher setup & admin costs Requires coordination between entities 	<ul style="list-style-type: none"> Strict IRS rules & timelines (45/180 days) Must be like-kind Limits on personal use of replacement property 	<ul style="list-style-type: none"> Rules are complex Subject to IRS changes May trigger recapture when sold 	<ul style="list-style-type: none"> Irrevocable trusts reduce control Complexity & cost Improper titling can defeat the plan 	<ul style="list-style-type: none"> Complex structure IRS scrutiny on discounts Not ideal for all investors Requires ongoing management
BEST USE CASES	<ul style="list-style-type: none"> All rental properties Short-term & long-term rentals Small office buildings 	<ul style="list-style-type: none"> Investors with multiple properties Business owners High liability exposure 	<ul style="list-style-type: none"> Selling an investment property Upgrading to larger property Portfolio growth 	<ul style="list-style-type: none"> All income-producing properties High-value properties New construction or renovations 	<ul style="list-style-type: none"> Legacy planning Blended families Protecting assets for children or heirs Avoiding probate 	<ul style="list-style-type: none"> High-net-worth families Multi-generational wealth transfer Long-term legacy planning
BEST FOR	Most real estate investors seeking liability protection and simplicity.	Investors with multiple assets or higher liability risks.	Those looking to grow wealth and defer taxes.	Investors focused on maximizing cash flow and tax efficiency.	Families wanting control, privacy, and legacy protection.	Families with significant wealth seeking long-term transfer strategies.

BEST PRACTICES



Work with Professionals
Coordinate with an attorney, CPA, and financial advisor.



Keep Entities Separate
Maintain separate bank accounts and records for each property and entity.



Review Insurance
Ensure adequate liability coverage (umbrella policies recommended).



Review Regularly
Revisit your structure as laws, assets, and goals change.



Plan for the Future
Document your wishes and prepare for a smooth transfer to heirs.

KEY TAKEAWAY



There is no one-size-fits-all solution. The right strategy (or combination of strategies) depends on your goals, risk tolerance, number of properties, tax situation, and family plans. Proper planning today protects your properties—and your legacy—for generations to come.

QUICK COMPARISON GUIDE

LIABILITY PROTECTION	TAX DEFERRAL	TAX REDUCTION	CONTROL & LEGACY	WEALTH TRANSFER	SIMPLICITY
Best: LLC & Holding Company	Best: 1031 Exchange	Best: Depreciation Strategies	Best: Trust Ownership	Best: FLP	Best: LLC

Sources: IRS.gov - Publication 527 (Residential Rental Property) • Nolo.com - Real Estate LLC & 1031 Exchange Guides • Investopedia.com - Real Estate Tax Strategies

(Information for educational purposes only. Consult your attorney, CPA, and financial advisor.)

3 MOST COMMON USES OF TRUSTS FOR INVESTMENT PROPERTIES (UP TO \$10 MILLION)

Protect. Preserve. Pass On.



For real estate investors with portfolios up to \$10 million, trusts are one of the most effective tools to protect assets, reduce taxes, and ensure a smooth transfer to loved ones.

1

AVOID PROBATE & ENSURE SMOOTH TRANSFER

Keep your properties out of court and in the family.



- ✓ Property held in a trust avoids probate, saving time, legal fees, and public court.
- ✓ Ensures continuity of management—no disruption to tenants or operations.
- ✓ Allows you to name successor trustees to manage properties if you become incapacitated.



BEST FOR:

All real estate investors who want a private, efficient transfer of properties.

2

PROTECT ASSETS FROM CREDITORS, LAWSUITS & DIVORCE

Add a layer of protection for your properties and your legacy.



- ✓ Properly structured trusts can shield properties from personal creditors, lawsuits, and divorce claims.
- ✓ Helps keep each property (and its income) protected from risks tied to other properties.
- ✓ Provides liability isolation when combined with LLCs and other planning tools.



BEST FOR:

Investors exposed to liability risks or those seeking stronger asset protection.

3

REDUCE TAXES & PRESERVE WEALTH FOR FUTURE GENERATIONS

Grow wealth today and pass it on with less tax tomorrow.



- ✓ Supports estate tax planning and wealth transfer strategies (especially important as values grow).
- ✓ Can reduce or eliminate capital gains tax on appreciation with proper planning (step-up in basis).
- ✓ Helps preserve wealth for heirs with spendthrift provisions and staged distributions.



BEST FOR:

Investors focused on tax efficiency and leaving a lasting legacy for family.



KEY TAKEAWAY:

For investment property owners with portfolios up to \$10 million, trusts provide privacy, protection, and powerful tax benefits—while giving you control during your lifetime.



COMMON TRUST TYPE USED:

Revocable Living Trust – Most common and most flexible.
Irrevocable Trust – Used for advanced tax and asset protection planning.

SOURCES:

• Investopedia – “How a Land Trust Works in Real Estate”
<https://www.investopedia.com/terms/l/land-trust.asp>

• Nolo – “How to Use a Trust to Avoid Probate”
<https://www.nolo.com/legal-encyclopedia/how-use-trust-avoid-probate.html>

• Forbes – “Asset Protection: How Trusts Can Protect Your Wealth”
<https://www.forbes.com/sites/forbesfinancecouncil/2021/06/14/asset-protection-how-trusts-can-protect-your-wealth/>

This information is for educational purposes only and is not legal or tax advice. Consult your attorney, CPA, or financial advisor.



Advanced Trust Planning

Sophisticated trust strategies to protect, preserve, and transfer real estate wealth for generations.



Protect Today. Preserve Tomorrow. Pass On Your Legacy.

Advanced trusts help you safeguard investment property, minimize taxes, and ensure your wealth benefits the people and causes you care about most.

1 Real Estate Dynasty Trusts



Designed to hold real estate for multiple generations without probate, estate tax, or creditor exposure.

Primary Benefits

- ✓ Perpetual (or multi-generational) wealth transfer
- ✓ Avoids estate tax at each generation
- ✓ Protects assets from creditors and lawsuits

2 Asset Protection Trusts



Shield real estate from creditors, lawsuits, and other financial threats while maintaining control and benefits.

Primary Benefits

- ✓ Strong legal protection from creditors
- ✓ Preserves wealth and cash flow
- ✓ Peace of mind for you and your family

3 Grantor Trusts



You retain certain powers and responsibilities, while the trust holds and manages the real estate for tax and estate planning benefits.

Primary Benefits

- ✓ Income taxed to you – avoids trust tax rates
- ✓ Estate tax savings while retaining control
- ✓ Flexible and customizable for your goals

4 Charitable Remainder Trusts Funded with Appreciated Real Estate



Convert appreciated real estate into income for you or your loved ones, with the remainder benefiting your favorite charity.

Primary Benefits

- ✓ Avoids capital gains tax on sale
- ✓ Provides income for life or a term of years
- ✓ Leaves a lasting charitable legacy

5 Private Family Trust Companies



A private trust company (PTC) gives your family control, privacy, and flexibility in administering trusts and real estate.

Primary Benefits

- ✓ Greater control over trust decisions
- ✓ Privacy and confidentiality
- ✓ Cost-effective for complex family needs

6 Directed Trusts



A trustee manages the trust, but an independent advisor (or committee) provides investment or distribution direction.

Primary Benefits

- ✓ Combines professional management with oversight
- ✓ Reduces trustee liability
- ✓ Builds in accountability and expertise



Why Advanced Trust Planning Matters



Protect your real estate from risks and liabilities.



Reduce estate, gift, and income taxes.



Provide for loved ones for generations.



Maintain privacy and control.



Support the causes you care about.



Strategic. Intentional. Lasting. Advanced trust planning turns your real estate into a legacy that's protected today, optimized for tax efficiency, and designed to benefit future generations.



Work with Your Trusted Advisors

Coordinate with your estate planning attorney, tax advisor, and financial professional to design the right trust strategy for your unique goals.



IDGT (INTENTIONALLY DEFECTIVE GRANTOR TRUST) HOW IT WORKS

Remove future appreciation from your taxable estate while retaining control and flexible access to assets.

THE PROCESS – STEP BY STEP



KEY ADVANTAGES



Client (age 60) with \$5,000,000 in investable assets wants to transfer wealth to children efficiently, reduce estate taxes, and maintain access to the assets.

THE \$5 MILLION EXAMPLE



All future growth occurs outside of your taxable estate.

PROJECTED VALUE (6% GROWTH)

YEARS	TRUST VALUE
5	\$6,690,000
10	\$8,960,000
15	\$11,985,000
20	\$13,430,000



ESTATE TAX SAVINGS

If you pass away in 20 years, the \$13.43M trust assets are outside of your estate.

ESTATE TAX SAVINGS: Up to \$5.36M+ (at 40% estate tax rate)

Plus, distributions to children for education, health, and support are income tax-free to them.



SLAT (SPOUSAL LIFETIME ACCESS TRUST) HOW IT WORKS

Provide for your spouse during their lifetime
while removing assets from your taxable estate.

THE PROCESS – STEP BY STEP



CREATE THE SLAT

You create an irrevocable trust for the benefit of your spouse.



FUND THE TRUST

You transfer assets (e.g., cash, real estate, or securities) to the SLAT.



SPOUSE RECEIVES BENEFITS

Your spouse receives distributions for health, lifestyle, comfort, and more.



ASSETS GROW OUTSIDE YOUR ESTATE

The assets grow at an annual rate of 6% outside of your taxable estate.



REMAINDER TO CHILDREN

Upon your spouse's death, remaining assets pass to children or other beneficiaries.

KEY ADVANTAGES



Provides for your spouse's lifetime needs.



Removes assets from your taxable estate.



Remaining assets pass to children or other beneficiaries.



Asset protection and creditor protection.



Powerful estate tax reduction strategy.

SLAT EXAMPLE – \$5 MILLION NET WORTH

Married client (age 60) with \$5,000,000 wants to provide for their spouse, protect assets from estate tax, and benefit children at second death.

THE \$5 MILLION EXAMPLE



All future growth occurs outside of your taxable estate.

PROJECTED VALUE (6% GROWTH)

YEARS	TRUST VALUE
5	\$6,690,000
10	\$8,960,000
15	\$11,985,000
20	\$13,430,000



ESTATE TAX SAVINGS

At your death in 20 years, the \$13.43M trust assets are outside of your estate.

ESTATE TAX SAVINGS: Up to \$5.36M+ (at 40% estate tax rate)

Your spouse is provided for, and remaining assets pass tax-efficiently to children.



Family Limited Partnerships and LLCs

Strategies for Investment Property Owners

The Hidden Risks of Owning Investment Property Personally

Why Family LLCs & FLPs Matter for Real Estate Families

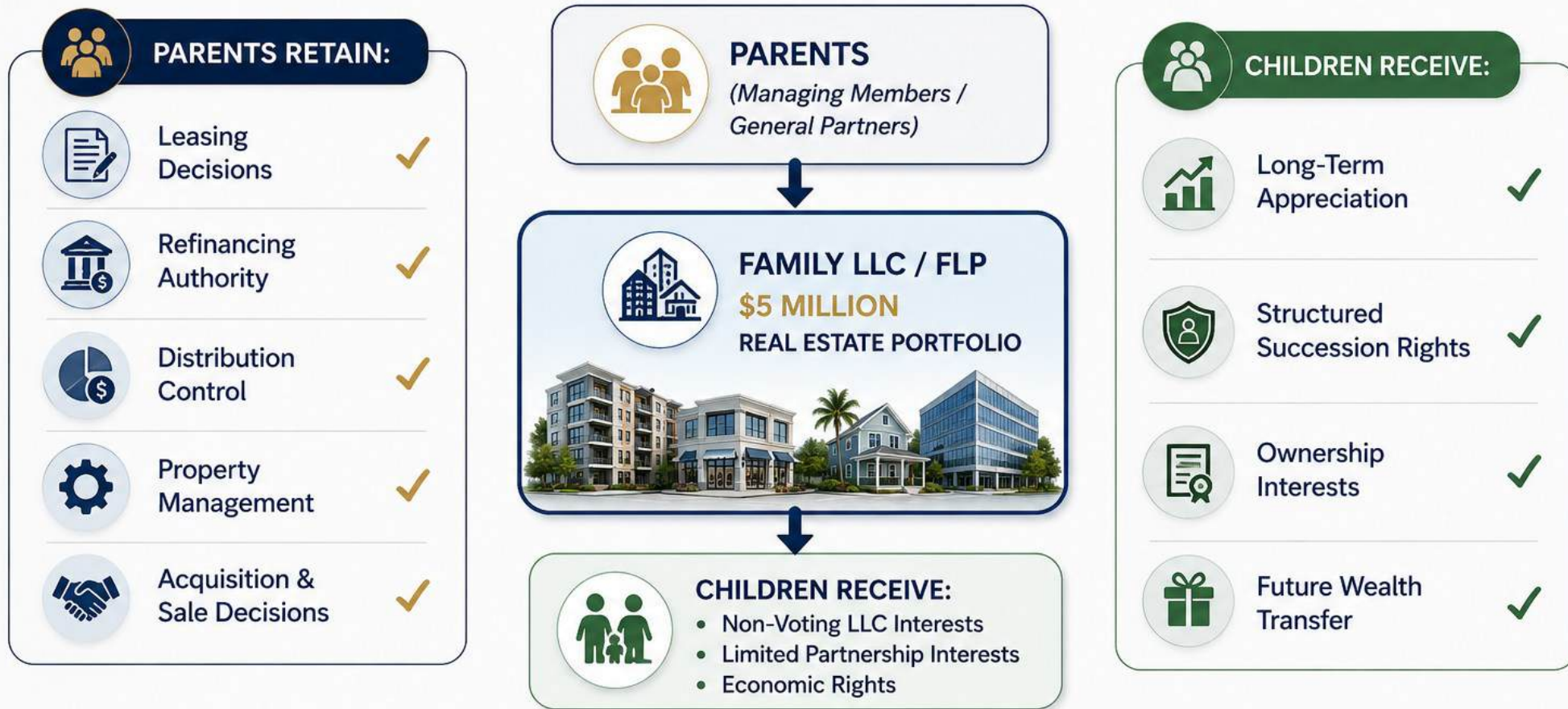


Without proper planning, **decades of real estate wealth** can become **fragmented, exposed, and difficult to manage** across generations.



How Family LLCs & FLPs Work

Transfer Economic Ownership While Retaining Control



Parents can **gradually transfer wealth** without surrendering **operational control**.



Asset Protection Through Entity Segmentation

Isolate Risk Across Multiple Properties



Entity segmentation helps protect your portfolio, your legacy, and your family.

**LLC #1
APARTMENT
BUILDING**

Steady rental income and long-term growth potential.

**LLC #2
RETAIL
CENTER**

Diversified cash flow from multiple tenants and leases.

**LLC #3
VACATION
RENTAL**

High-income potential with lifestyle and tax advantages.

**LLC #4
COMMERCIAL
PROPERTY**

Long-term appreciation with strong tenant credit profiles.

KEY BENEFITS



LIABILITY ISOLATION
Liability at one property is contained within that LLC.



CHARGING ORDER PROTECTION
Creditors of an heir may only receive distributions – not force a sale.



CENTRALIZED OVERSIGHT
One holding company provides strategic control and efficiency.



CREDITOR PROTECTION
Protects the portfolio from personal creditors and lawsuits.



SUCCESSION CONTINUITY
Smooth transition of management and ownership across generations.



**A lawsuit involving one property
should not threaten the entire portfolio.**



Tax-Efficient Wealth Transfers Using Discounted Interests

Transfer Appreciation While Reducing Taxable Gift Value



EXAMPLE



A 20% non-managing interest may qualify for valuation discounts because:



heirs cannot **force liquidation**,



control operations,



or **easily sell** the interest.

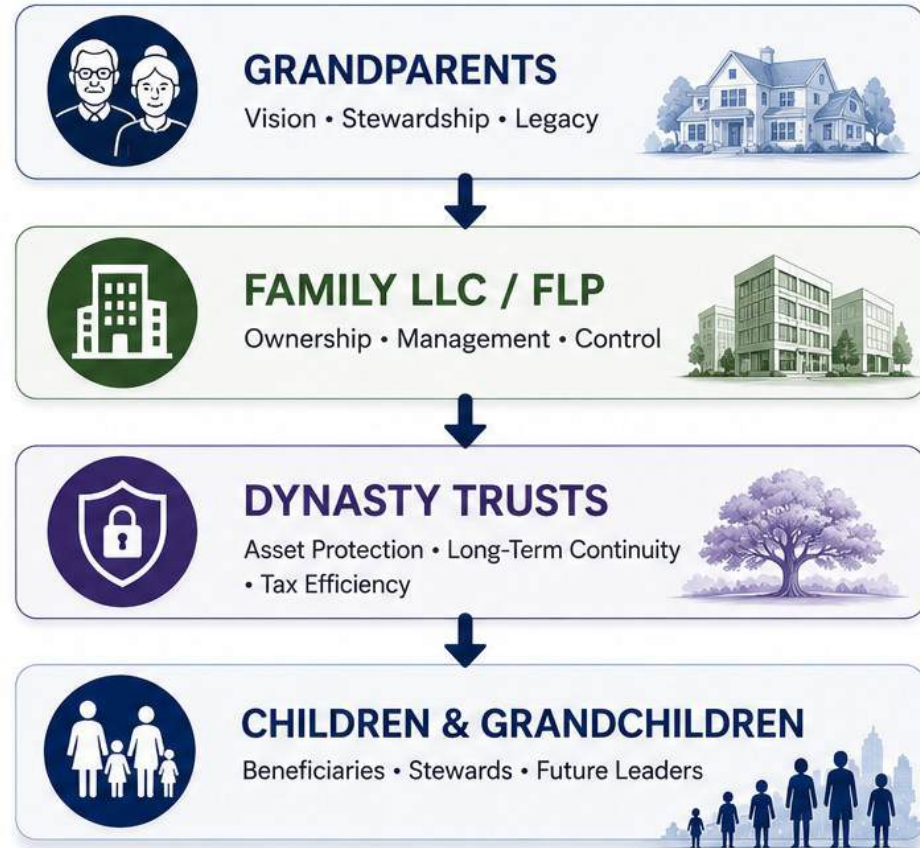


Families may transfer future appreciation while **preserving centralized control**.



Protecting Children & Future Generations

Preserve the Family Enterprise Across Generations



PROTECTION FEATURES

- Divorce Protection**
Shields assets from marital claims.
- Creditor Protection**
Protects from personal lawsuits and creditors.
- Spendthrift Protection**
Limits beneficiary access to distributions.
- Transfer Restrictions**
Prevents unwanted or premature transfers.
- Buy-Sell Rules**
Controls ownership transfers and valuations.
- Family Governance**
Establishes rules, roles, and decision-making structure.

PREVENT:

- Forced Sales**
Prevents assets from being sold against the family's wishes.
- Ex-Spouse Ownership**
Keeps family assets out of divorce settlements.
- Sibling Disputes**
Reduces conflict and ensures fair treatment across generations.
- Outside Creditor Access**
Blocks creditors from reaching family wealth.

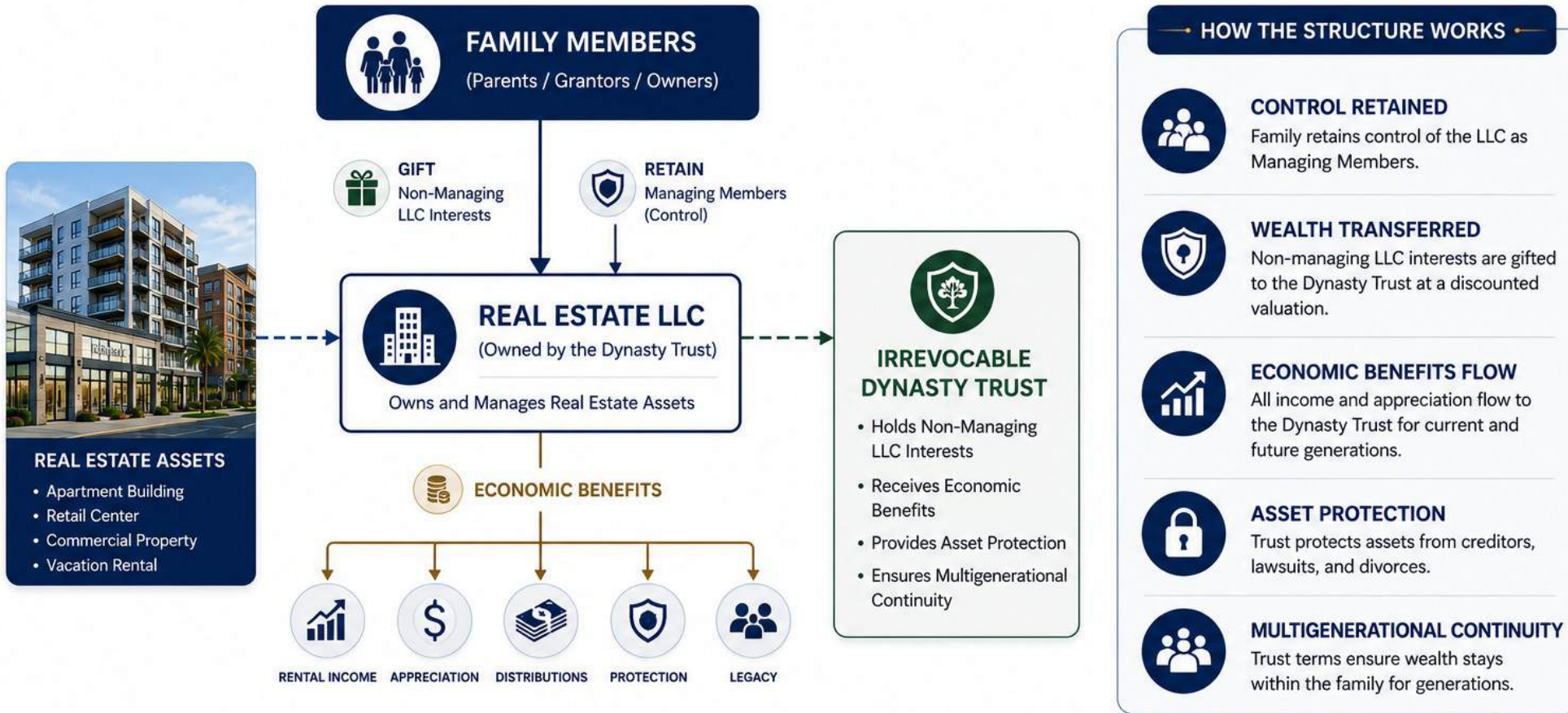


The family entity becomes a **long-term family investment platform.**



How an LLC That Owns Real Estate Interacts with a Dynasty Trust

Structure Today. Protect Tomorrow. Preserve Forever.



KEY TAKEAWAY

The LLC holds and manages the real estate.
The Dynasty Trust *owns the future.*



THE REAL GOAL:

Preserve the Investment Enterprise



A WELL-DESIGNED FAMILY LLC OR FLP
HELPS FAMILIES:

- ✓ MAINTAIN CENTRALIZED CONTROL
- ✓ PROTECT REAL ESTATE ASSETS
- ✓ TRANSITION WEALTH SYSTEMATICALLY
- ✓ PRESERVE LONG-TERM INVESTMENT STRATEGY
- ✓ REDUCE FUTURE ESTATE TAX EXPOSURE
- ✓ CREATE MULTIGENERATIONAL CONTINUITY



FINAL THOUGHT

“ The greatest value of a Family LLC or FLP is often not tax reduction — it is preserving the investment enterprise itself for future generations. ”



Common FLP & LLC Planning Mistakes



IRS AUDIT WARNING SIGNS



Deathbed Transfers



No Business Purpose



Commingling Assets



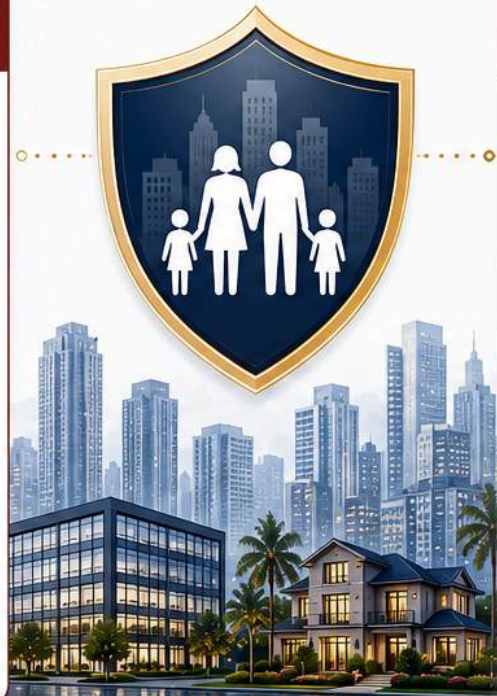
Ignoring Formalities



No Operating Discipline



Pure Tax Motivation



BEST PRACTICES



Separate Bank Accounts



Formal Operating Agreement



Independent Appraisals



Regular Meetings



Proper Accounting



Legitimate Investment Purpose



Family entities must operate
like legitimate businesses —
not merely tax shelters.

