



# Tax Planning for Uncertain Lifetime Gift and Estate Tax Exemptions

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# Agenda

- Estate Planning Basics
- Implementing and updating your plan
- Trust Decanting
- New Jersey Uniform Trust Code (UTC)
- Family gifting and sale strategies

# Estate Planning Fundamental Questions

## 1. Who should inherit your assets?

- If married, consider marital rights under state law:
  - In some states, if the amount your will or trust leaves to your spouse is less than the law deems appropriate, the survivor can elect to receive the greater amount.
- Then consider:
  - Should your children share equally in your estate?
  - Do you wish to include grandchildren or others as beneficiaries?
  - Would you like to leave any assets to charity?

**If you live in a community property state or your estate includes community property, consider the impact on your estate planning.**

# Estate Planning Fundamental Questions

## 2. Which assets should they inherit?

- If you own a business:
  - Should the stock pass only to your children who are active in it?
  - Should you compensate the others with assets of comparable value?
- If you own rental properties:
  - Should all beneficiaries inherit them?
  - Do they all have the ability to manage property?
  - What are the cash needs of each beneficiary?

# Estate Planning Fundamental Questions

## 3. When and how should they inherit the assets?

- Focus on the:
  - Potential age and maturity of the beneficiaries.
  - You and your spouse's financial needs during your lifetimes.
  - Tax implications of different transfer strategies.



# Estate Planning Fundamental Questions

4. How will they receive the assets (outright bequests vs. trusts)?
  - Outright bequests offer simplicity, flexibility and tax advantages:
    - Downside: no control over transferred assets.
  - Trusts are helpful:
    - When beneficiaries are young or lack management capabilities.
    - For tax planning reasons.

# Transferring Property at Death

## Choices for transferring assets

- A will
  - Standard method.
- A living trust
  - Offers some advantages over a will.
- Beneficiary designations
  - For assets such as life insurance and IRAs.

**If you die without a will or living trust, state intestate succession law controls disposition of your property that doesn't otherwise pass via "operation of law," such as by beneficiary designation.**

# Transferring Property at Death

With a will:

- Estate goes through probate:
  - Protects rights of creditors and beneficiaries.
  - Ensures orderly and timely asset transfers.
  - Provides standardized procedures and court supervision.
  - Has shorter creditor claims limitation period.







# Transferring Property at Death

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- With a Living Trust:
  - Avoids time, expense and public nature of probate.
  - Acts as a “will substitute,” providing instructions for managing assets upon your death.
  - May need “pour over” will to cover assets not included in trust.
  - Potential UTC protections to avoid future litigation.

# Transferring Property at Death

## How living trusts work:

- You transfer assets into trust for your own benefit during your lifetime.
- You serve as trustee or select someone else.
- Pour over will can specify how assets you didn't transfer to your living trust during your life will be transferred at death.
- You retain control and right to revoke trust and appoint or remove trustees.
- Trust doesn't need to file income tax return until after you die. You pay tax on income it earns during your lifetime.

# Transferring Property at Death

## Benefits of living trusts

- Assets aren't exposed to public record, making it more difficult to challenge disposition of your estate.
- Trust can serve as vehicle for managing financial assets if you become incapacitated.

**Only assets titled in your living trust's name avoid probate, so make sure you change the title of all assets you want managed by the trust.**

# Federal Estate and Gift Tax Exemption

## Federal Estate Tax

- The federal estate tax is imposed at a top rate of 40%.
- There is the unlimited marital deduction, which means that all of the assets one leaves to a surviving spouse are exempt from federal estate taxes. Therefore, a person can leave their spouse, \$1.00, \$1 million or \$1 billion without incurring any estate taxes.
- The exemption is the amount that an individual can transfer to anyone other than a spouse during their lifetime or at the individual's death without incurring a gift or estate tax.
- The exemption amount is adjusted for inflation from time to time and currently is \$12.06 million per person as of January 1, 2022.
- Unless Congress acts, the estate and gift tax exemption will be reduced to \$5 million (adjusted for inflation) in 2026. The surviving spouse has the ability to use all or some of the first spouse to die's applicable exclusion to the extent that it was not used by the first spouse.

# Generation Skipping Transfer Tax

- The Generation Skipping Transfer (“GST”) tax is a tax on any transfers during one’s lifetime or upon one’s death, either outright or in trust, to one’s grandchildren (or to even younger generations) which are not taxed in the estates of one’s children.
- If property passes directly to grandchildren, the GST tax is imposed at the time of the distribution.
- If, instead, one elects to create a trust which benefits a child during his or her lifetime and thereafter is distributed to his or her children then the GST tax is incurred at the time of the child’s death.
- The GST exemption mirrors the estate and gift tax exemption, thus, an individual may transfer \$12.06 million (with \$10 million indexed for inflation each year) through their wills, trusts and lifetime gifts, collectively, to grandchildren and bypass taxation in your children’s estates without the imposition of the GST tax.
- The primary tax objective to be achieved by an individual’s estate plan is to make sure that their applicable exclusions and generation skipping tax exemptions are utilized, so that as much can pass estate tax-free to an individual’s children and grandchildren as possible.

# State Estate and Inheritance Tax

## New York Estate and Inheritance Tax

- As of January 1, 2022, the New York state estate tax exemption is \$6.11 million and will be adjusted for inflation annually.
- Should the value of an individual's taxable estate exceed the state estate tax exemption amount by 5% or more in the year of an individual's death, then the New York state estate tax will be imposed on the individual's entire taxable estate.
- New York estate tax rates range from 3.06% to 16%.

## New Jersey Estate and Inheritance Tax

- There is currently no New Jersey estate tax.
- However, there is the New Jersey inheritance tax, which applies to transfers of assets at death by a New Jersey resident to beneficiaries other than the decedent's spouse, parents, grandparents, descendants and charitable organizations.
- The inheritance tax rate ranges from 11 to 16 percent. A transfer at death of less than \$25,000 to a decedent's sibling or the spouse of a decedent's child is exempt from inheritance tax.

# State Estate and Inheritance Tax

## Pennsylvania Estate and Inheritance Tax

- The tax rate for Pennsylvania Inheritance Tax is 4.5 percent for transfers to direct descendants (e.g., children and grandchildren), 12 percent for transfers to siblings, and 15 percent for transfers to other heirs (except charitable organizations, exempt institutions, and government entities that are exempt from tax).
- Property owned jointly between husband and wife is exempt from inheritance tax, while property inherited from a spouse, or from a child aged 21 or younger by a parent, is taxed a rate of zero percent.

## Florida Estate and Inheritance Tax

- No Florida estate tax or inheritance tax is due for decedents who died on or after January 1, 2005.

# Selecting an Executor or Trustee

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- What is an Executor or Trustee?
  - Administers disposition of your estate.
  - Can be:
    - An individual — family member, friend or professional advisor.
    - An institution — bank or trust company.
    - Use both to leverage collective expertise.



# Selecting an Executor or Trustee

Should you appoint a professional or an individual?

- Advantages of professional:
  - Specialist in handling estates or trusts;
  - Impartiality;
  - Independence; and
  - Financial expertise.
- Advantages of individual:
  - More familiarity with the family;
  - Potentially lower administrative fees; and
  - Can hire professional advisors as needed.



# Responsibilities of an Executor or Trustee

- Administers estate and distributes assets to beneficiaries.
- Makes certain tax decisions.
- Pays estate debts or expenses.
- Ensures life insurance and retirement plan benefits are received.
- Files necessary tax returns and pays federal and state taxes.

# Selecting a Guardian for Your Children

- In naming the guardian, ask yourself:
  - Is guardian capable of managing your children's assets?
  - Is guardian financially strong?
  - Can guardian's home accommodate your children?
- Consider naming one guardian for your children and another for their assets.

# Planning for Incapacity

## Making Financial Decisions:

- Durable power of attorney:
  - Authorizes a representative you name to control assets and manage financial affairs.
- Living trust:
  - Representative takes over as the trust's trustee.
  - Avoids guardianship proceedings and related costs.



# Planning for Incapacity

## Making Health Care Decisions:

- Health care power of attorney:
  - Authorizes a surrogate to make medical decisions or consent to medical treatment on your behalf.
- Living will:
  - Expresses your preferences for the use of life-sustaining medical procedures.



# Implementing and Updating Your Estate Plan

## Where do you go from here?

- Update your estate plan after:
  - Tax law changes;
  - Family changes, such as marriages, divorces, births, adoptions and deaths;
  - Increases in income and net worth;
  - Geographic moves from one state to another; and
  - New health-related conditions, such as disabilities or special needs.

# Purpose of Decanting

- Generally, irrevocable trusts are very difficult and inflexible to modify.
- For irrevocable trusts, decanting can be used to...
  - Cure issues within a trust instrument.
  - Account for changed circumstances.
  - Enable a trust to hold certain assets in the most tax efficient way possible.
  - Add better asset protection language to an old trust.



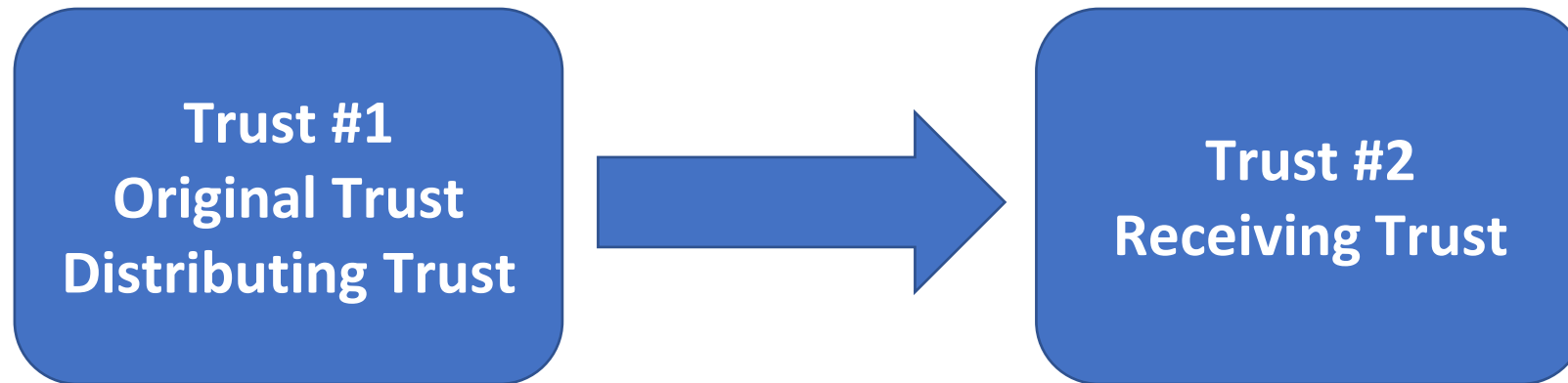
# Reasons to Decant

- To extend the term of a trust.
- To qualify a trust to (effectively) hold S-Corp stock.
- To add special needs language.
- To move trust situs.
- To combine or separate trusts.
- To convert distribution terms from HEMS to discretionary for asset protection purposes.
- To adjust powers of appointment.
- To fix drafting errors.
- To clarify ambiguous terms.
- To change Trustee provisions.



# What “Decanting” is

Decanting is the transfer of assets that are held by one irrevocable trust to a new irrevocable trust.



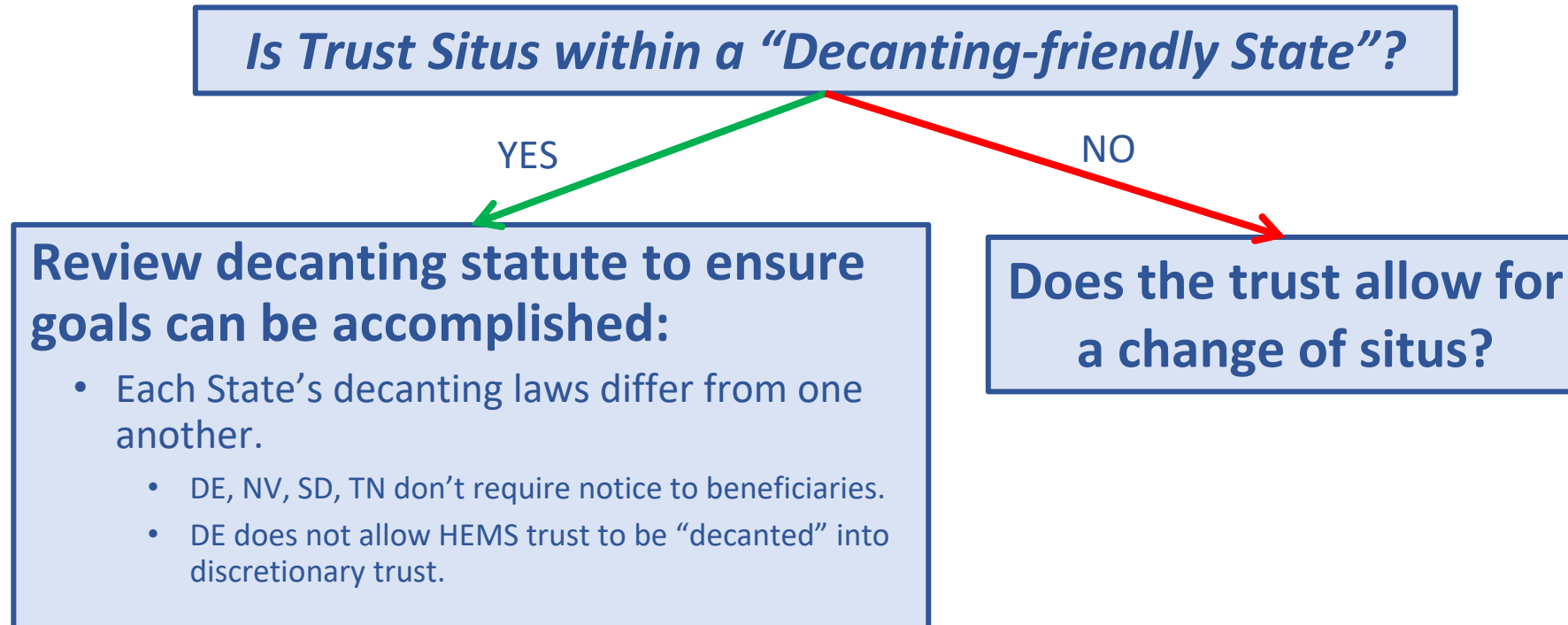


# How Decanting Works

- Look to the terms of the trust.
  - What is the governing law?
  - Are there any discretionary distribution terms or powers of appointment?
  - Is there language authorizing the trustee to administer assets under terms of new trust?

# Statutory Decanting

**Requirement: Trust must be situated in a State where a method of decanting has been codified into law.**



# “Common Law” Decanting

## Requirements:

- Decanting-friendly trust language.

Case law within the state of situs that allows for decanting using the language of the trust.

- New Jersey: *Wiedenmayer v. Johnson*.
- Massachusetts: *Morse v. Kraft*.
- New York: *In the Matter of Kroll*.



# Risks and Complications

- Fiduciary Liability.
- Possible loss of GST, Gift or Estate Tax Exemption when decanting from exempt trust.
  - No formal guidelines issued by IRS yet related to Fed. Tax issues presented by decanting.



Revocable  
Trust with GST  
Utilization and  
Age  
Distributions

SIXTH: Each trust established under this Article shall be named the “(GRANDCHILD’S NAME) TRUST”. The Trustees shall hold all property received by them for the benefit of a grandchild of the Grantor and which is to be administered pursuant to this Article as a separate trust fund in trust for the benefit of each such grandchild (or if a trust shall have already been established for such grandchild, shall add all of such property to said trust, to be held, managed, administered and distributed as part thereof), shall manage, administer, invest and reinvest the principal of each such trust, shall collect and receive the income thereof and shall apply, pay over and distribute the income and principal thereof as hereinafter provided:

(a) If, upon the date of establishment of a trust under this Article for the benefit of a grandchild of the Grantor, such grandchild has attained the age of twenty-five (25) years, then one-third (1/3) of such grandchild's trust shall be paid over and distributed to such grandchild outright, and the remaining two-thirds (2/3) of such grandchild's trust shall be held in trust for the benefit of such grandchild as follows:

# New Jersey Uniform Trust Code

## NJSA 3B:31-27. Modification or Termination of Noncharitable Irrevocable Trust by Consent.

- a) A noncharitable irrevocable trust may be modified or terminated upon consent of the trustee and all beneficiaries, if the modification or termination is not inconsistent with a material purpose of the trust.
- b) A noncharitable irrevocable trust may be terminated upon consent of all of the beneficiaries if the court concludes that continuance of the trust is not necessary to achieve any material purpose of the trust. A noncharitable irrevocable trust may be modified upon consent of all of the beneficiaries if the court concludes that modification is not inconsistent with a material purpose of the trust.

# New Jersey Uniform Trust Code

NJSA 3B:31-27. Modification or Termination of Noncharitable Irrevocable Trust by Consent.

## **Continued.**

- c. A spendthrift provision in the terms of the trust is not presumed to constitute a material purpose of the trust.
- d. Upon termination of a trust under subsection a. or b. of this section, the trustee shall distribute the trust property as agreed by the beneficiaries.



# New Jersey Uniform Trust Code

NJSA 3B:31-27. Modification or Termination of Noncharitable Irrevocable Trust by Consent.

## Continued.

- e. If not all of the beneficiaries consent to a proposed modification or termination of the trust under subsection a. or b. of this section, the modification or termination may be approved by the court if the court is satisfied that:
  1. if all of the beneficiaries had consented, the trust could have been modified or terminated under this section; and
  2. the interests of a beneficiary who does not consent will be adequately protected.

# New Jersey Uniform Trust Code

NJSA 3B:31-28. Modification or Termination Because of Unanticipated Circumstances or Inability to Administer Trust Effectively.

- a. The court may modify the administrative or dispositive terms of a trust or terminate the trust if, because of circumstances not anticipated by the settlor, modification or termination will further the purposes of the trust. To the extent practicable, the modification shall be made in accordance with the settlor's probable intent.

# New Jersey Uniform Trust Code

NJSA 3B:31-28. Modification or Termination Because of Unanticipated Circumstances or Inability to Administer Trust Effectively.

## **Continued.**

- b. The court may modify the administrative terms of a trust if continuation of the trust on its existing terms would be impracticable or wasteful or impair the trust's administration.
- c. Upon termination of a trust under this section, the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.

# New Jersey Uniform Trust Code

## NJSA 3B:31-34. Combination and Division of Trusts.

- a. Subject to subsection b. of this section,
  - 1. the trustees of two or more trusts or parts of trusts may combine the trusts or parts thereof into a single trust, even if such trusts or parts thereof are created by different settlors or under different instruments, and even if the trusts have different trustees; and
  - 2. the trustees of a single trust may divide the trust into two or more separate trusts, in which case distributions provided by the governing instrument may be made from one or more of the separate trusts.
- b. A combination or division under this section may be effected only if the result does not impair rights of any beneficiary or adversely affect the achievement of the purposes of the trust.

# New Jersey Uniform Trust Code

NJSA 3B:31-45. Limitation on Action Contesting Validity of Revocable Trust; Distribution of Trust Property.

- a. A person may commence a judicial proceeding to contest the validity of a trust that was revocable at the settlor's death within the earlier of:
  1. Three years after the settlor's death; or
  2. Four months, in the case of a resident, or six months, in the case of a nonresident, after the trustee sent the person a copy of the trust instrument and a notice informing the person of the trust's existence, of the trustee's name and address, and of the time allowed for commencing a proceeding.

# New Jersey Uniform Trust Code

## NJSA 3B:31-45. Limitation on Action Contesting Validity of Revocable Trust; Distribution of Trust Property. **Continued.**

- b. Upon the death of the settlor of a trust that was revocable at the settlor's death, the trustee may proceed to distribute the trust property in accordance with the terms of the trust. The trustee is not subject to liability for doing so unless:
  - 1. the trustee knows of a pending judicial proceeding contesting the validity of the trust; or
  - 2. a potential contestant has notified the trustee in writing of a possible judicial proceeding to contest the validity of the trust and the trustee has received written notice of a judicial proceeding commenced within 90 days after the contestant sent the notification.
- c. A beneficiary of a trust that is determined to have been invalid is liable to return any distribution received.

# Additional Tax Updates

- Estate of Max Hopper versus JP Morgan Chase.
- Estate of Somers v. Commissioner.
- Additional Updates.
- Ferri v. Ferri.
- Hopenstein.
- In the Matter of Kroll.
- Hodges.
- Smaldino V. Commissioner.

## Definition of a Tax Attorney

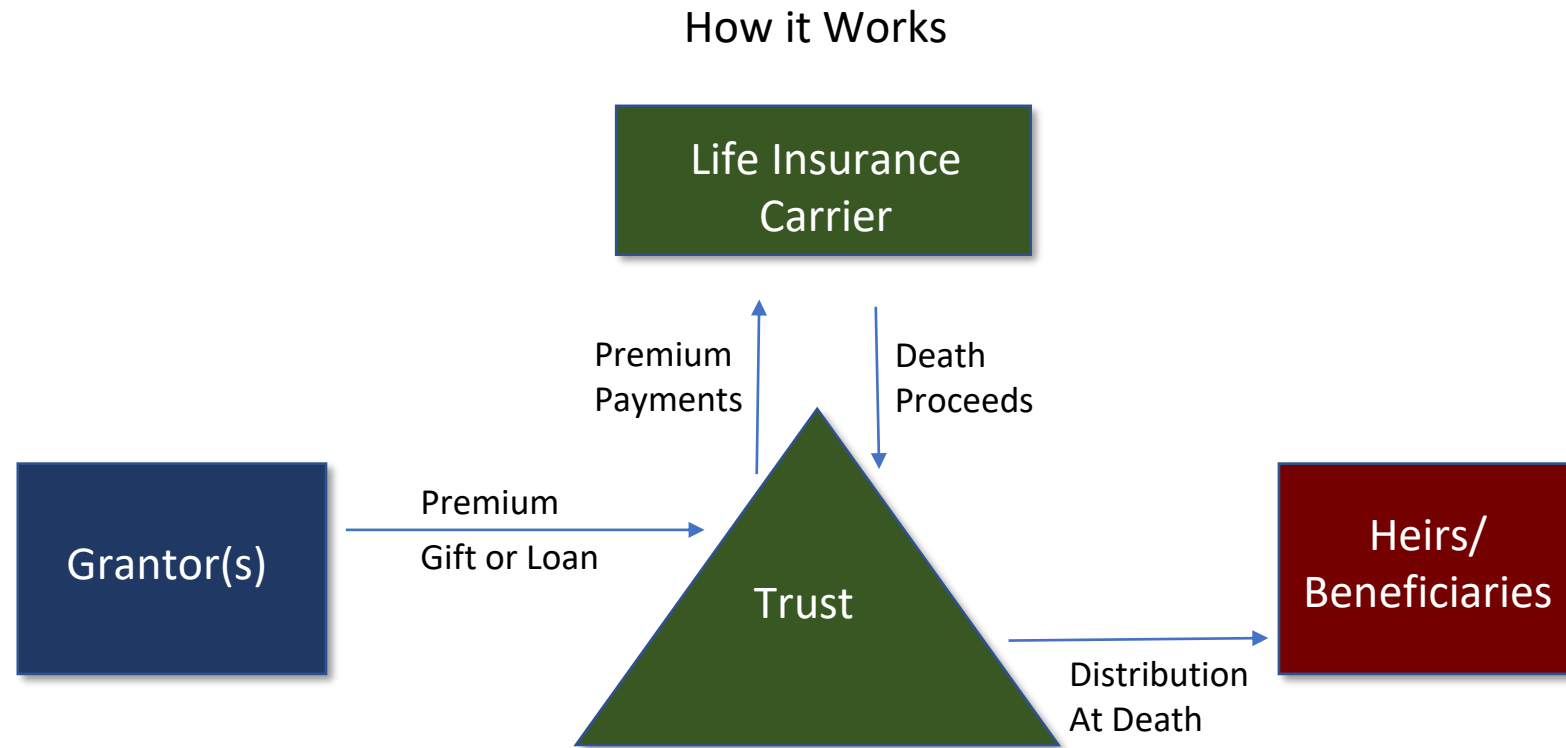
Someone who solves a problem you didn't know you had in a way you don't understand.



# Grantor Trusts (Basics)

- Grantor treated as owner of trust property for income tax purposes, not estate tax purposes.
- Treated as a completed gift for estate tax purposes.
- Grantor trust status does not affect how estate tax applies to a trust.
- Certain powers retained effectuates this treatment.

# Irrevocable Life Insurance Trust (ILIT)



# ILIT

- Irrevocable Life Insurance Trusts:
  - Gifts given to trust in order to pay the premium of the life insurance.
  - Consider larger gifts over a shorter period of time given increased federal estate tax exemption (do not exceed MED limits).
- Funded ILIT's can have tax disadvantages
  - Solution – Have the ILIT be a defective trust for income tax purposes (Grantor Trust).
  - Grantor pays their marginal brackets which generally will be better than the accelerated trust brackets.



# ILIT

- Three-year rule for transfers of existing policies to irrevocable insurance trust.
- If incident of ownership given away:
  - Entire death benefit goes back into insured's taxable gross estate if he/she dies within three years of transfer.
- Build in Marital Trust component as a stop gap.

# ILIT (Three-year Transfer for Value Rule)

- Section 101(a)(2) provides – In case of transfer of valuable consideration, by assignment or otherwise of life insurance contract:
  - Amount excluded shall not exceed amount equal to:
    - Sum of actual value of such consideration &
    - Premiums and other amounts subsequently paid by transferee.
- Rule can taint the death benefit where only part of policy is assigned or where whole policy is sold.
- Sale for value to a trust creates transfer for value.
- Ordinary income = Death Benefit – (Purchase price paid for plus premiums subsequently paid by trustee).

# How to move existing policy to ILIT

- Grantor Trust – Move existing life insurance policy to ILIT which policy owner is grantor, but avoid estate tax upon death under three-year rule.
- Three-year rules – Not applicable if policy sold for full consideration.
- Under Revenue ruling 2007-13 sale would avoid transfer for value issue:
  - Same owner of policy before and after transfer.
- Trustee must not be compelled to buy the policy & must act in an appropriate fiduciary role for this transfer to work.

# Moving Existing Policy to new ILIT

## *Example*

- Trust A & B Grantor Trusts.
- Life Insurance Policy in Trust A owned by Trust on Grantor's life.
- A Sells policy to Trust B for cash.
- Grantor treated as owner of assets of trust.
- Grantor owns both cash and insurance before and after transfer – No transfer per 101 (a) (2).

# Moving Existing Policy to new ILIT

## ***Example #2***

- Trust C & D (D Grantor trust, not C).
- Life Insurance Policy in Trust C owned by Trust, Cash owned by Grantor in trust D.
- C Sells policy to Trust D for cash (Full Value).
- D now considered owner of life insurance (Grantor Trust).
- Transfer for valuable consideration.
- Transfer to D is treated as transfer to G, the insured therefore value limitations do not apply.

## **Conclusion:**

- If you want to move policies into Grantor Trust it can be done with proper planning with no negative tax consequences.



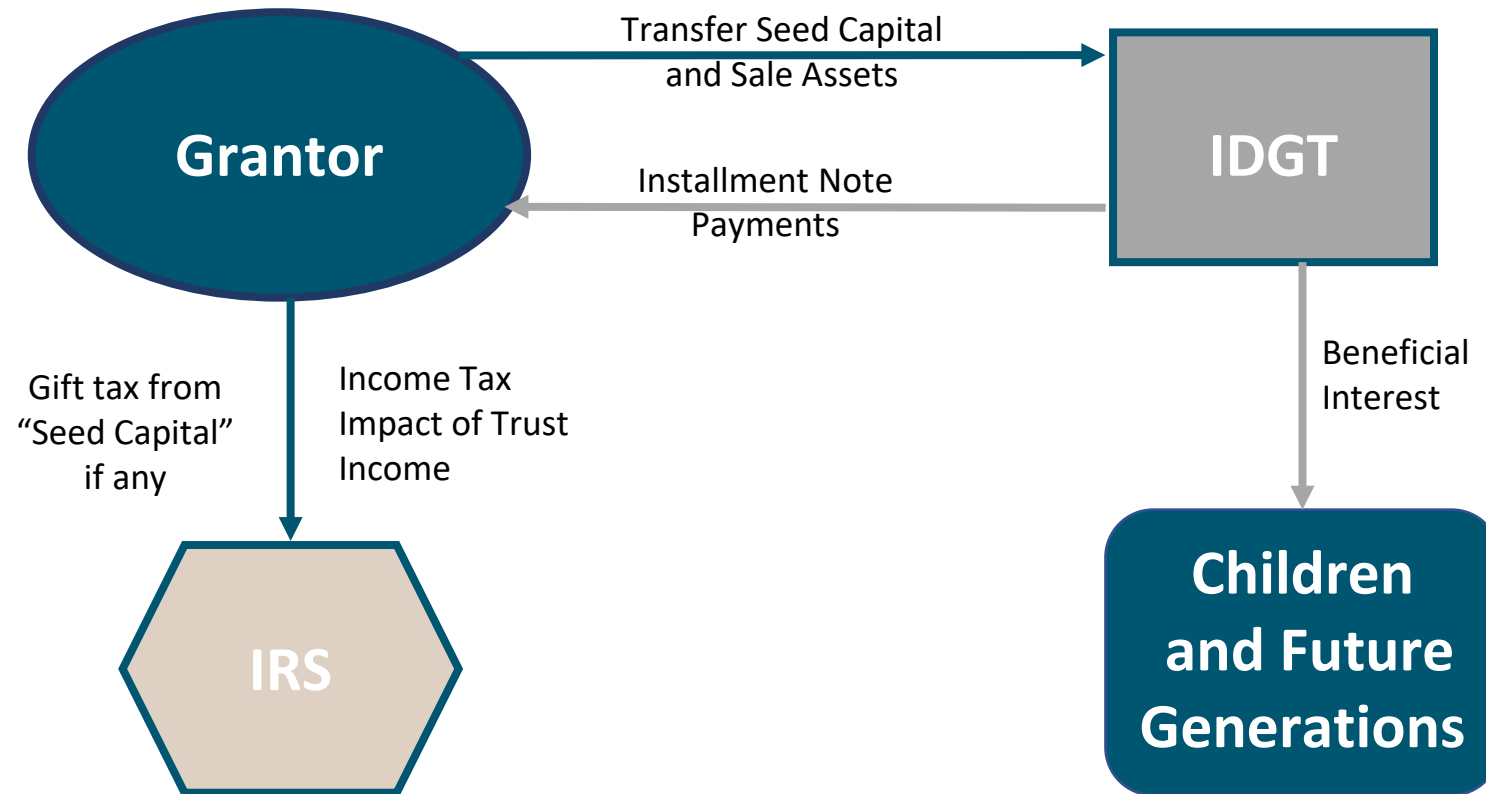
## Tax Fact

The Income Tax Code (as adopted in **1913**) had **27** pages.

In 2015 it was reported that the Tax Code & Regulations contained **10,067,000 words**.



# Intentionally Defective Grantor Trust (IDGT)



# IDGT

## *Sale to Intentionally Defective Grantor Trust:*

- Purpose - Estate Tax Freeze.
- Sell Appreciated Assets in return for Installment Note.
- Conversion of appreciating asset to non-appreciating asset with Fixed Interest Rate.
- Need to contribute/seed with 10% gift/remainder note for strategy to be effective.

# IDGT

## *Advantages over a GRAT:*

- Interest Rate – GRAT's require the use the 7520 interest rates, IDGT uses AFR based on duration of promissory note:
  - Usually lower interest for short/mid term, longer for long-term.
  - Lower rates increase the opportunity to exceed the AFR.
  - Excess passes free of gift/estate tax to beneficiaries.

# IDGT

## *Advantages over a GRAT*

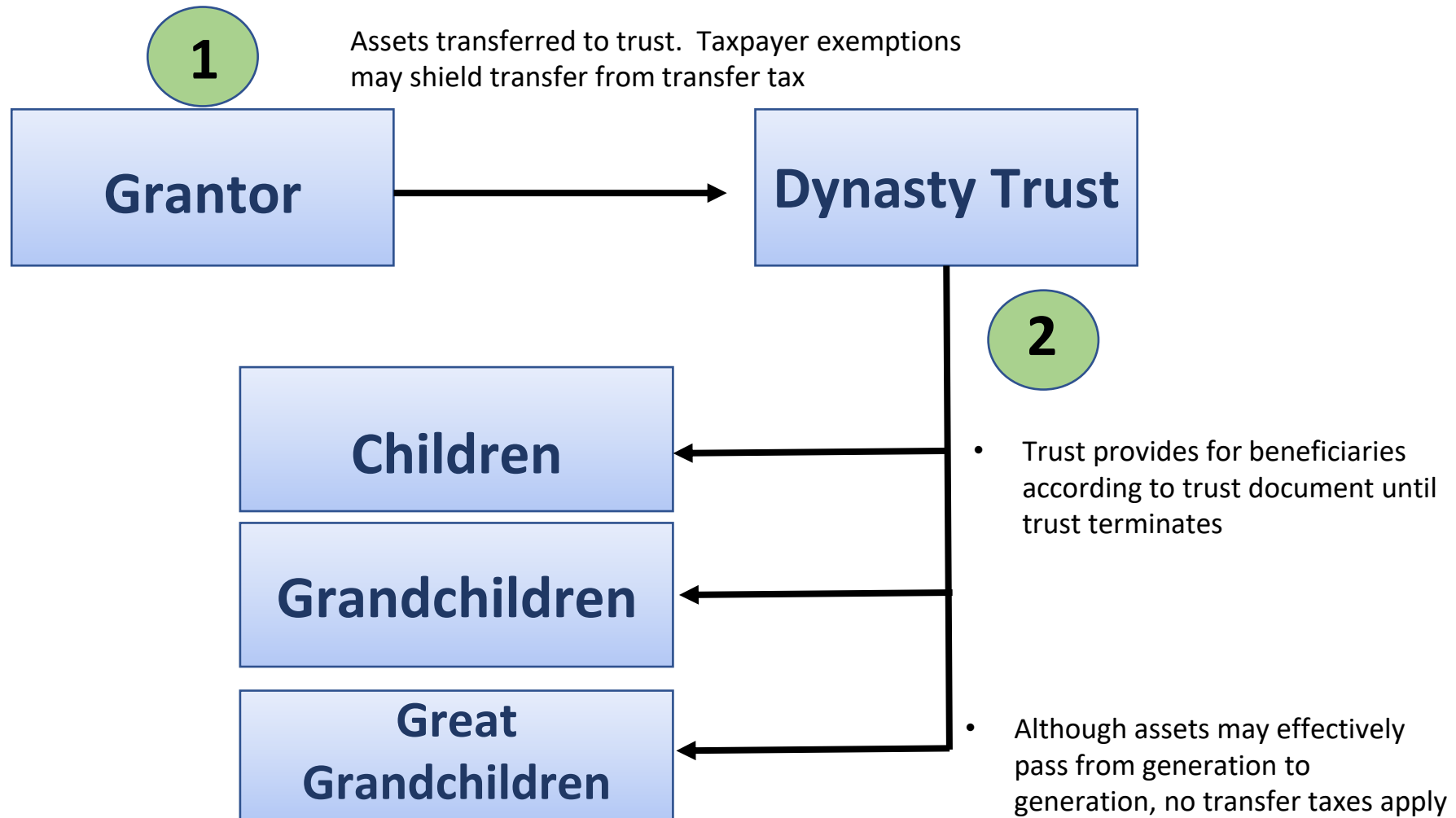
- GST tax – Term of GRAT includes an estate tax inclusion period
  - GST exemption must be allocated when grantor dies or when GRAT meets end of term.
  - GST can only be applied after asset grows in value.
- No retained interest in IDGT by seller
  - Seller retains promissory note.
  - GST settled initially which is much more beneficial.

# IDGT

## Installment Arrangements more beneficial:

- Can structure interest only with balloon payments, equal payments of principal, etc.
- Delaying principal payments helps asset grow in value.
- GRAT cannot be end loaded.
- Trust is defective for income tax purposes.
- Consider electing out of installment sale reporting – Gain recognized in first year.
- No income tax on gain due to Rev Ruling 85-13.
- Death during subsequent years should be non-event for tax purposes.
- **Use 7872 Rate, interest only.**

# Dynasty Trust



# Dynasty Trust

## What is a Dynasty Trust?

- Trust used to pass from generation to generation.
- Some states now allow trust to basically be in perpetuity.
- Great for an asset that is going to appreciate in value significantly.
- Trust is irrevocable.
- Has Spendthrift provisions to protect trust assets from beneficiaries, ex-spouses, lawsuits, creditors.
- Funded amounts can take full advantage of grantor's tax exemptions.





# Dynasty Trust

## How does it work?

- Can be created during life or at death.
- If planned property can be funded tax-free with annual gift exclusions.
- Best to contribute appreciating assets.
- Income producing assets taxed at trust rates if kept inside trust.
- Can name a beneficiary the trustee or can name and outside trustee.
  - If outside trustee then future family members will have limited flexibility to manage changes in circumstances.

# Dynasty Trust

## *Advantages*

- Preserves family wealth.
- Can be passed from generation to generation without having an additional estate tax (Free generation skipping).
- Spendthrift provisions.
- Can work really well with appreciating assets with low income stream.

## *Disadvantages*

- Irrevocable and limited flexibility once trust is setup.

# The Tax Code

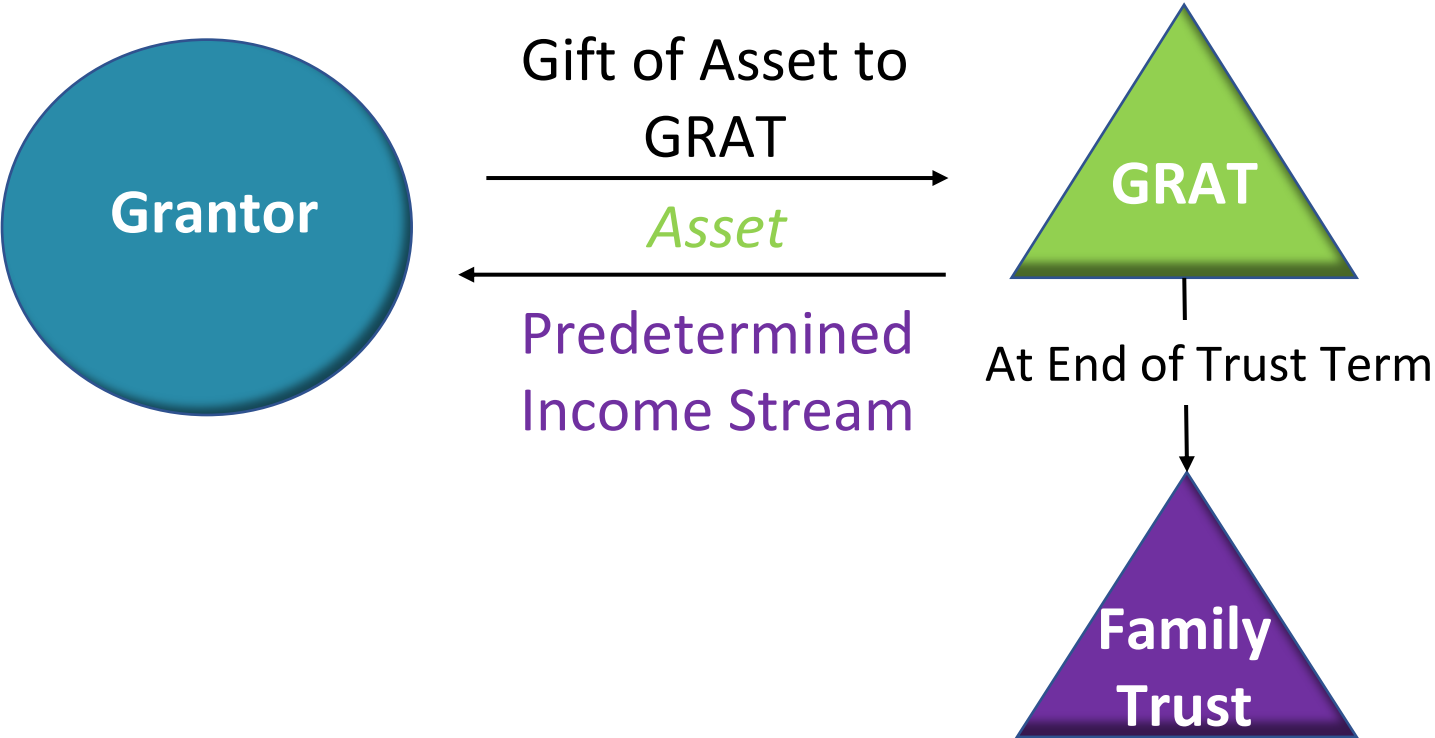
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# Zeroed out GRAT

## Grantor Retained Annuity Trust



# Zeroed out GRAT

## What is a GRAT?

- Usually established for appreciating assets (Estate Freeze).
- Receive back annual fixed payments of 100% of the initial value of the assets transferred to trust plus 7520 interest rate. (Very low rate).
- Zeroed out GRAT - Doesn't result in gift tax.

# GRAT

## When is it good to use?

- Startup companies & Closely Held Businesses & possibly marketable securities.
- Highly appreciating assets with nice discounts to be taken.
- Life expectancy long enough to outlive the GRAT.

## *Disadvantages:*

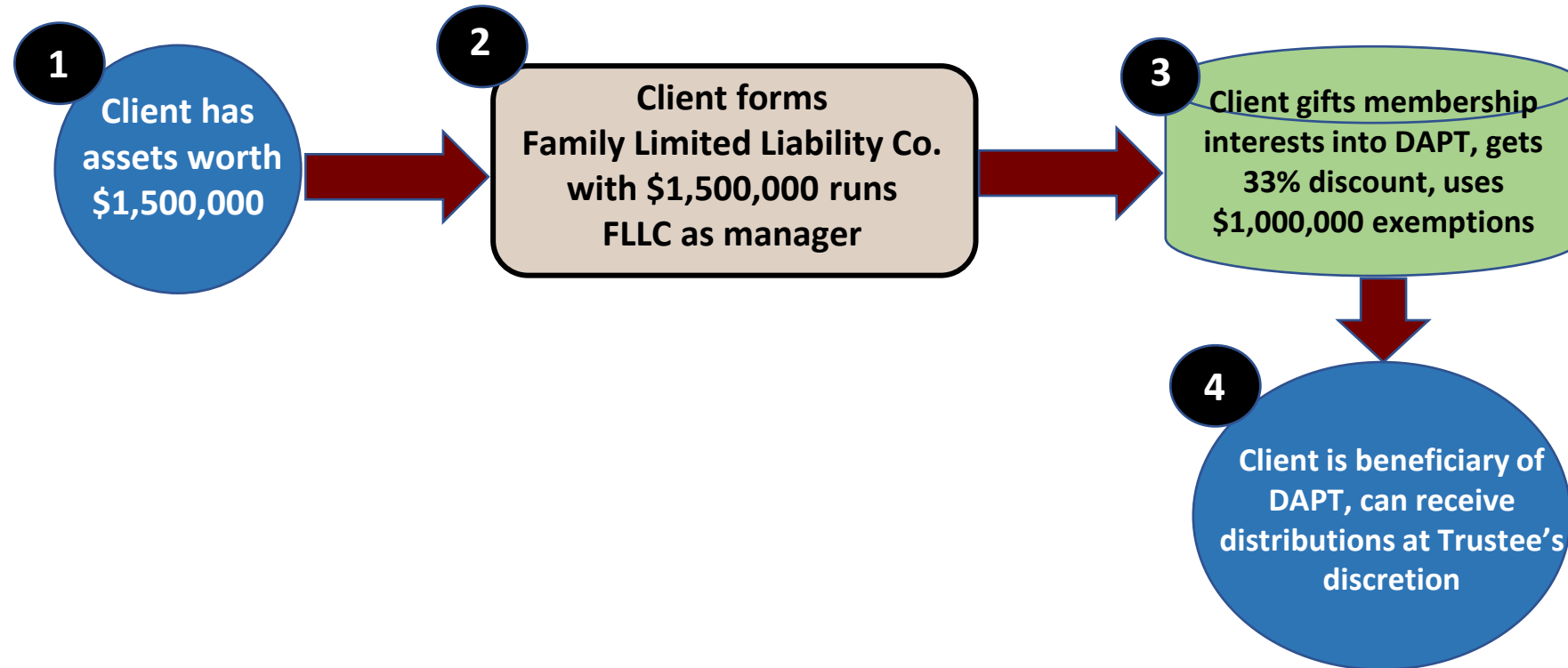
Grantor must outlive the selected term trust:

- If not, the assets remain in Grantor's estate.

# Rolling GRAT

- Short term GRAT's established (Zeroed out).
- Usually funded with marketable securities.
  - Separate GRAT's setup to hold different securities/different classes of investment assets.
  - Poor performing securities won't affect high earning GRAT's.
- Outperform the hurdle rate 7520 rate & it will work well.
- Discuss leveraged FLLC funding technique with discounted sale to a grantor trust to near "zeroed out" GRAT.

# Domestic Asset Protection Trust (DAPT)\*



\* Delaware, Nevada, South Dakota, and Alaska are the four (4) jurisdictions that are typically utilized. However, there are at least twenty-three (23) states that have some form of creditor protection.



# DAPT

## *Domestic Asset Protection Trust*

- Allows the trust creator or grantor to be beneficiary of the trust.
- Protects trust assets from the claims of creditors.
- Trusts are irrevocable – Can't be modified by settlor.
- Does not have to be a completed gift (Can be intentionally defective for estate tax purposes).

# DAPT

- Settlor can maintain broad powers and broad control:
  - Can maintain power to veto a distribution from the trust & can hold a lifetime or testamentary power of appointment.
- Have a trust protector (Usually someone you know):
  - Trust protector works in best interest of clients.
- Nevada/Delaware/Alaska/South Dakota law the most popular states for this trust:
  - Two-year statute of limitations – Nevada.
  - Creditor needs to prove by clear and convincing evidence that the transfer of property to DAPT was a fraudulent conveyance.

# DAPT

- Generally, after two years (in Nevada) DAPT cannot be pierced but effective immediately, you have to prove fraudulent conveyance.
- LLC's own the assets and the LLC is owned by the DAPT.
- Daunting to pierce – Many creditors will settle for cents on the dollar.
- Most give public notice that DAPT was created and funded.

# DAPT

## *Downside*

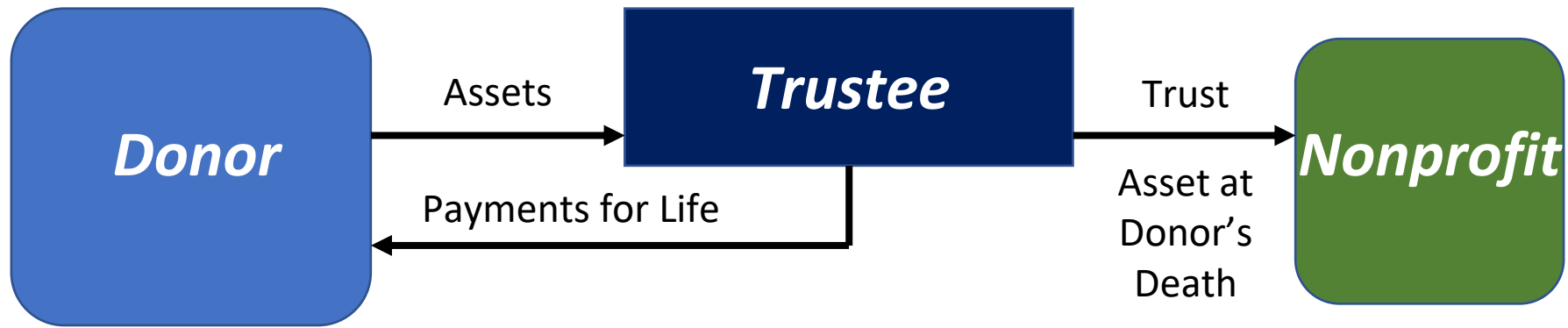
- Cannot treat it as a piggy bank.
- Cannot be a plan to transfer 100% of your assets.
- May be considered expensive:
  - Drafting Fees.
  - Administrative Trustee in specific jurisdiction to create nexus.
  - Control limitations.

# DAPT

## *Winding up while still alive:*

- Trust protector can direct assets to be distributed back to settlor of trust & then wind down trust.
- Why would you do this:
  - No more danger of creditors.

# Charitable Remainder Annuity Trust (CRAT)



# Charitable Remainder Annuity Trust (CRAT)

- Philanthropy & tax savings objectives.
- How it works:
  - Contributor irrevocably transfers money or appreciate property to trust.
  - In return receives annual fixed income stream (CRUT is variable).
  - At death charity keeps assets.

# Charitable Remainder Annuity Trust (CRAT)

## *Who should use it:*

- Anyone who is asset rich and cash poor.
- Has philanthropic objectives – Charity is part of their estate plan.
- Needs an immediate charitable contribution (Maybe they are having a large taxable event during the year).
- Has the need for a steady income stream.
- Good for conservative donors with assets producing predictable income streams.



# Charitable Remainder Annuity Trust (CRAT)

## *Tax Deduction*

- Charitable deduction for the present value of the remainder interest.
- Charitable contributions not used can be carried forward.
- Capital gains bypassed on appreciated assets.



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**Have additional questions?**

We'll answer your questions and discuss your needs.