

TAX REFORM CREATES HISTORIC WEALTH PLANNING OPPORTUNITY

Spousal Limited Access Trust

Background: Tax reform legislation doubled the federal estate, gift and generation-skipping transfer (GST) tax exemption to \$11.18MM (as indexed for inflation) per person. This created a seven-year window for increased wealth transfer planning.

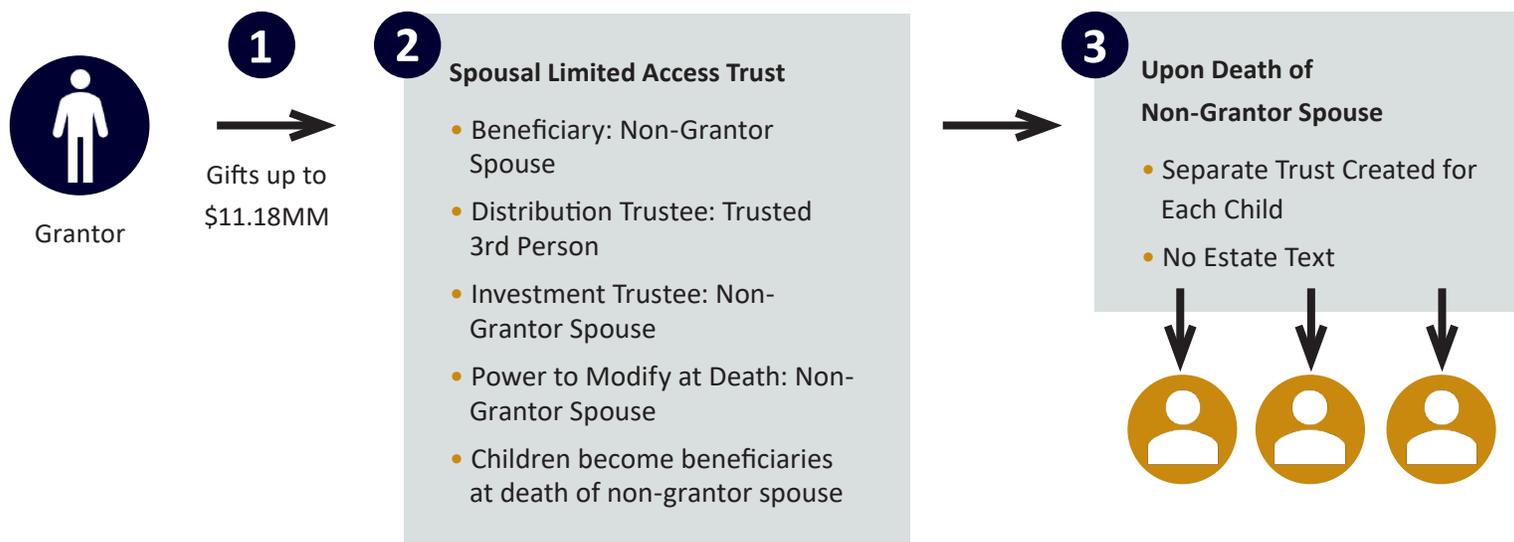
Call to Action: The increased exemption amounts expire December 31, 2025. However, unlike estate and gift tax reform in the early 2000s, the increase in exemption amounts apply to both the estate tax and the GIFT TAX. In other words, you can use the increased exemption amounts while you are alive via a lifetime gifting strategy, a true use-it-or-lose-it planning opportunity.

Strategy: Affluent families should consider developing a lifetime gifting strategy to use some or all of their increased exemptions prior to December 31, 2025. The very thought of transferring such a large piece of wealth can create trepidation. Enter the spousal limited access trust. This often used, time tested strategy will gain an increasing amount of attention from wealthy families looking for thoughtful opportunities to preserve, protect and pass their wealth.

Simple, Effective, Time Tested: Most families are conflicted when faced with wealth transfer considerations. Will they be financially secure in the future? Will their heirs face significant estate taxes? The spousal limited access trust can achieve financial flexibility, optimal estate tax results and heightened asset protection. This simple, effective and time-tested strategy can achieve:

1. **Financial Flexibility.** Non-Grantor Spouse may receive discretionary distributions, serve as investment trustee and modify the structure for the benefit of descendants if family circumstances change in the future.
2. **Optimal Estate Tax Results.** Assets inside the trust, and all future appreciation, are not subject to estate taxes...ever.
3. **Heightened Asset Protection.** Assets inside the trust are generally not accessible by creditors of husband (creator of trust) or wife (beneficiary).

Spousal Limited Access Trust Construction



Conclusion: The spousal limited access trust is an effective strategy to take advantage of the use-it-or-lose-it feature of the increased exemption amounts, while maintaining access to funds if needed and providing heightened asset protection. If properly structured, both spouses can create similar, but not identical, trusts for one another, protecting up to \$22.36MM of assets in spousal limited access trusts. Don't let December 31, 2025 come and go without taking action.