

TAX TIPS

WHY PUT A TRUST IN YOUR WILL?

The trust used most often in wills is a QTIP—a qualified terminable interest property trust. It offers a number of advantages. One is to leave a big chunk of the estate to someone other than a spouse, often the children of an earlier marriage. It also takes advantage of the unlimited marital deduction; essentially, the trust gets to use the marital deduction.

By law, the surviving spouse must get all the income from the trust every year. (The will may permit the trustees to give the surviving spouse some of the capital, too.) Eventually, when the surviving spouse dies, the remainder of the estate goes where the will specifies. The trust offers what is called “creditor and predator protection”: no one else can get at the money.

While the remaining assets may be subject to estate taxes, that tax has been deferred—and earnings have grown—until the death of the spouse.

Let's look at your estate-planning options. Talk to the experts at
