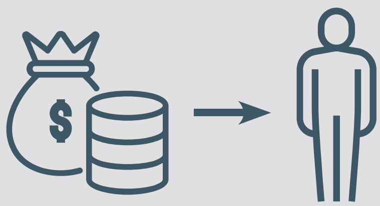
HOW A LIFETIME QTIP TRUST WORKS

STEP 1

The trustmaker spouse gifts money and property to an irrevocable trust for the beneficiary spouse. Qualifying transfers to the trust are gift-tax free because of the unlimited marital deduction.



STEP 2

During the beneficiary spouse's lifetime, they must receive all trust income and may receive trust principal if permitted under the terms of the trust. This beneficiary spouse can be the only beneficiary of the trust during their lifetime.

STEP 3

When the beneficiary spouse dies, the trust property is included in the beneficiary spouse's estate, using their federal estate tax exemption.

STEP 4

If the beneficiary spouse dies first, the remaining money and property can be held for the trustmaker spouse's benefit (subject to state law), and, if structured properly, can be excluded from the trustmaker spouse's estate.

STEP 5

After both spouses die, the trust is distributed to beneficiaries named by the trustmaker spouse.

Griffin | A Professional Law Corp.

Book Your Intro Call Today!
GriffinAPC.com/schedule

Assist@GriffinAPC.com
(855) 459-4099