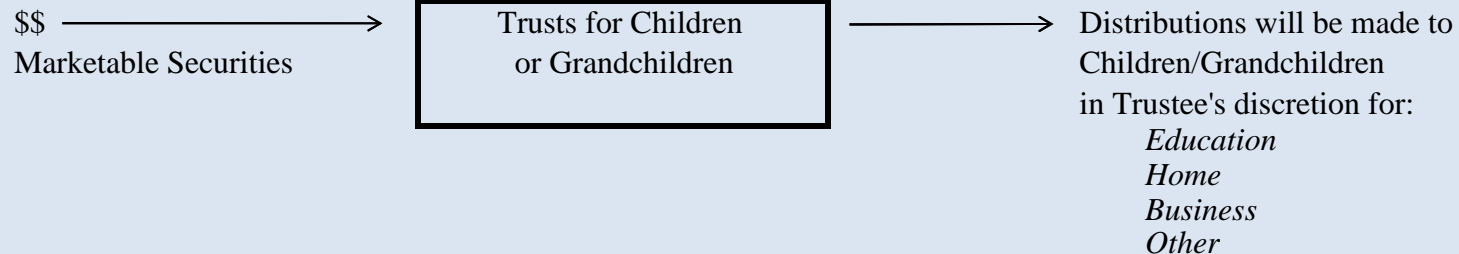


## Trusts for Children/Grandchildren Technique\*



### **Common Objectives**

- Make gifts to children that will reduce estate taxes (including annual exclusion gifts)
- Have ability to appoint someone to help children manage the gifted assets
- Protect gifted assets from children's creditors including in case of personal injury claim, divorce, etc.

### **Common Steps to Implement**

- Client establishes an irrevocable trust naming children and/or grandchildren as beneficiaries
- Client transfers assets (may consist of, or include, FLP Units [see separate Diagram]) to the trust
- Trustee invests assets for beneficiaries and makes distributions to them according to the terms of the trust (e.g., for education, a home or a business)
- The Trust may call for the child to receive the trust property outright at a certain age, or it may stay in trust so that it is protected for the beneficiary throughout his or her lifetime

*\*Not intended as legal or tax advice and cannot be relied upon to avoid any federal tax law penalty.*

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