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ESTATE PLANNING CONCEPTS:

- I. Use both spouses' Applicable Exclusions (\$5,000,000)
 - A. Credit Shelter Trust (or outright gift to children)
 - B. Equalize estates of both spouses -- asset titling, beneficiary designations
- II. Leveraging -- impose transfer taxes on assets at lower value during life than at death
 - A. Insurance trust (or children own insurance)
 - B. Lifetime gifts of assets likely to appreciate (Silicon Valley stock)
- III. Make gifts outside transfer tax system -- annual exclusion gifts; tuition payments
 - A. Outright to children
 - B. Grandchildren's trusts
- IV. Avoid assets being subject to estate tax in successive generations
 - A. 3 trust plan under will
 - B. \$5,000,000 trust under will
- V. Take advantage of lower marginal rates -- no marital deduction bequest
- VI. Valuation of assets subject to tax -- discount value (fractional interests)
- VII. Advanced leveraging techniques -- subtraction method (impose transfer taxes on asset value after subtracting value of retained interest)
 - A. Qualified Personal Residence Trust -- subtract value of retained right to use property for term of years
 - B. Grantor Retained Annuity Trust -- subtract value of retained right to annual fixed dollar payout for term of years
 - C. Charitable Lead Unitrust -- subtract value of charity's right to annual fixed percent of assets payout for term of years
- VIII. Tax inclusion versus exclusion -- inter vivos gifts and pay gift tax (survive 3 years)