

Living Trust From a Different Angle

Some time ago, Congress made certain changes [to the estate taxes](#). As a result of the changes, effective January, 2004, the tax free amount increased to \$1,500,000. (Back in 1997 it was \$600,000.) This allows a married couple to leave a minimum of \$3,000,000 tax free.

Your [Revocable Living Trust](#) does not need to be changed to incorporate these changes.

However, there are other developments which might be appropriate to consider.

1. You might want to consider a [Dynasty Living Trust](#). The advantage of using the generation skipping tax exemption is greater during the grantor's lifetime. Once property is transferred to a dynasty Living Trust, all appreciation and accumulated income generated by the property until the grantor's death will be exempt from estate tax as long as it remains in the Living Trust. Basically, this is a grown-up [Minor's Living Trust](#).

2. Another more recent development is worth considering. Since after one spouse dies, the Survivor has full control of the [Surviving Spouse's Living Trust](#), including the right to change the beneficiary (through the General Power of Appointment), it is important to insure that the children from the first marriage inherit their deserved portion.

This is what could happen. You die. [Your Living Trust](#) divides into two or three shares. Your wife, who has control of the Living Trust, spends your half of the estate, remarries, and leaves her half to the new spouse (not your intention). You may discuss this now with your spouse and decide that the assets you have acquired during your lifetime together belong to both of you. While you still want your spouse to be happy and maybe even remarry, you want your joint assets to be inherited by your children, not the new spouse.

It is possible with the standard [A - B - C Living Trust](#) held by most married couples.

About the Author

Jeffrey Broobin is a free-lance writer on family and finance issues; his main goal is to help people during their complicated period of life. Website: [Legal Helper Corp](#). Email: jeffreyb@legalhelper.ws

Source: <http://www.articletrader.com>