

## Benefits of Personal Trusts

### Manage Estate Taxes

If you have a taxable estate and do not plan properly, your largest beneficiary could be the IRS. You can give away your assets during your lifetime and at your death.

However, if you give away too much during either, the IRS levies a tax.

There are two exceptions to this rule: the unlimited marital deduction\* and gifts made to a qualified charity. Both allow estate tax-free gifts of any amount. However, with these exception come other concerns. The estate tax burden will shift from you to your spouse, and giving to charity may take away assets from your family.

With proper estate planning and the use of an exclusion trust, married couples can take advantage of both individuals' applicable exclusion amount, save taxes and have greater control over which of the four beneficiary recipients receives the assets.

### Control

Personal trusts allow you to control income from the trust and ultimately the distribution of the assets according to your wishes. You decide who should receive the income, how much, and the timing of payments. You can even link distributions to certain life events such as graduating from college, establishing a career, starting a business or getting married.

Marital and family trusts can be used to provide lifetime income to a surviving spouse, with the principal of the trust distributed to your beneficiaries. These trusts allow you to provide financial support to a spouse and ensure assets pass to your beneficiaries even if your spouse remarries.

Special needs trusts can be established to provide ongoing financial support for a child with special medical,

emotional or other needs. Additionally, under certain circumstances, the trust assets may not reduce the amount of government benefits available to the child.

### Privacy

Personal trusts are private documents and are not subject to the public proceedings and record of a probate court. Your trust is your business.

### Charitable Giving

Personal trusts can establish a charitable giving program that benefits you, your heirs and the qualified charity of your choice.

A charitable remainder trust can be used to provide immediate or deferred income to you, you and your spouse or anyone you choose. Payments from your trust can be for the life of the income paid to your beneficiaries or for a fixed period of up to 20 years. When the income interest expires, your selected charity receives the balance of your trust.

Financially, charitable remainder trusts provide you with additional benefits because they avoid capital gains (leaving more principal to produce income). They also provide a current income tax deduction and reduce your taxable estate.

Charitable remainder trusts work particularly well with highly appreciated assets and illiquid assets such as real estate. Assets contributed to charitable remainder trusts are often sold by the trustee and reinvested in a diversified portfolio of assets designed to provide income and growth. This helps to increase the income produced by the trust while reducing risk through diversification.

Trust services offered through BOK Financial and Members Trust.