

STARTING SOON

Trust Administration Workshop

October 1, 2020

Presenters: Louis Pierro, Esq., Aaron Connor, Esq. & David Wojeski, CPA

Handouts are available via the link in the Chat.

Please check it now or download them at www.pierrolaw.com/resources
under “Estate and Trust Planning”

HOUSEKEEPING

- › Your mics are muted.
- › Handouts can be downloaded from:
 - a. your control panel
 - b. visit **www.pierrolaw.com/resources** to view all of today's PowerPoint presentations and related materials
- › Ask questions through the “Q&A” space
- › Interactive program: have your mouse ready to participate



TRUST ADMINISTRATION WORKSHOP WEBINAR

HOSTED BY LOUIS PIERRO & AARON CONNOR, PIERRO, CONNOR & STRAUSS WITH DAVE WOJESKI, CPA

THANK YOU TO OUR SPONSOR



Michael Bates
Business Development Officer

John Bresonis
Senior Officer, Trust Administration

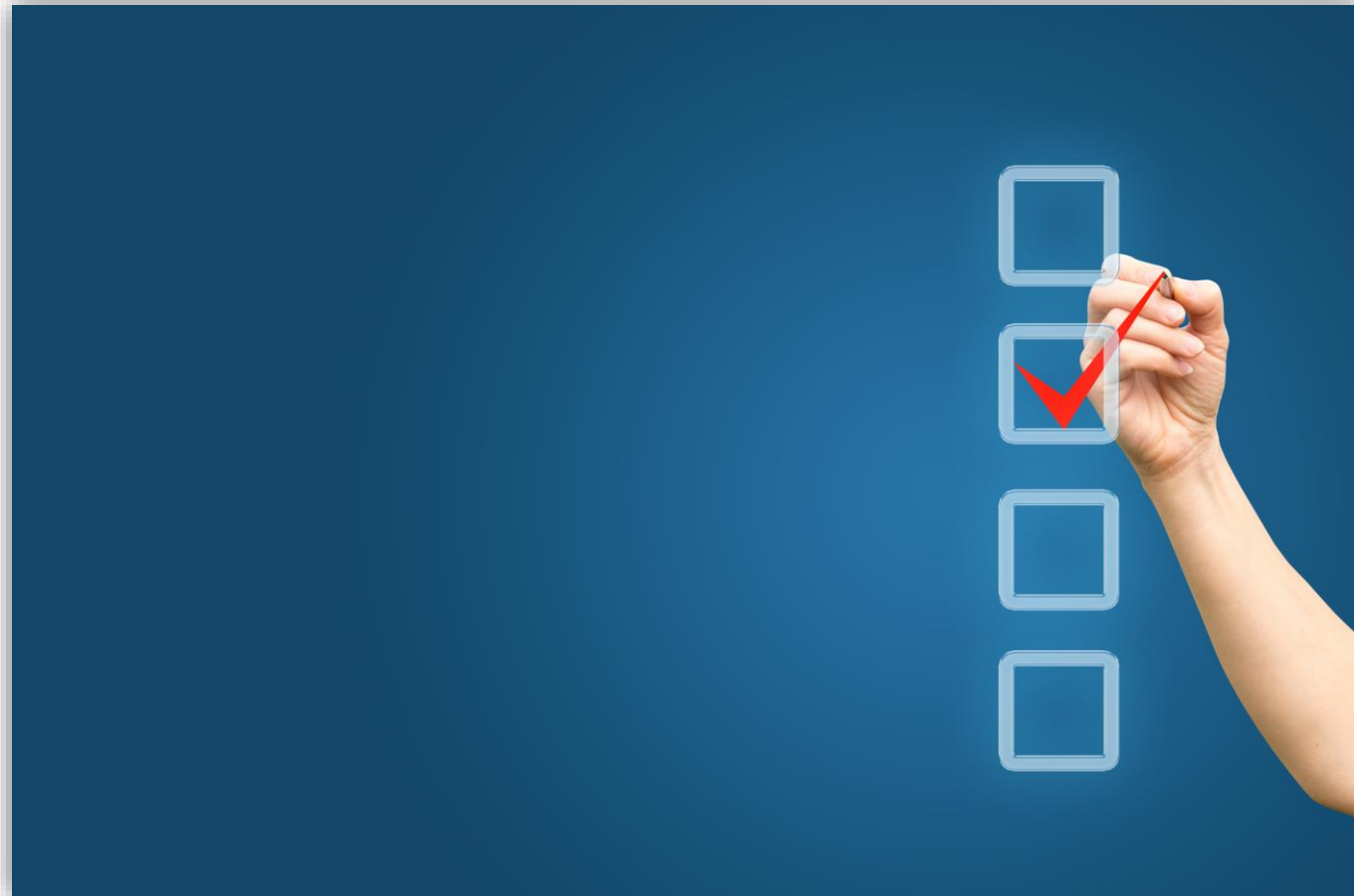
Trustco Bank Financial Services

AGENDA

- Trust Planning Basics
- Trust Funding and Related Tax Issues
 - Revocable
 - Irrevocable
- Lifetime Administration
 - Managing as Trustee
- Tax Reporting and Accounting During Lifetime
- Trust Administration at Death
 - Paying Bills and Costs
 - Distributions to Beneficiaries and further trusts
 - Tax and Accounting Issues



A BRIEF POLL



TYPES OF TRUSTS

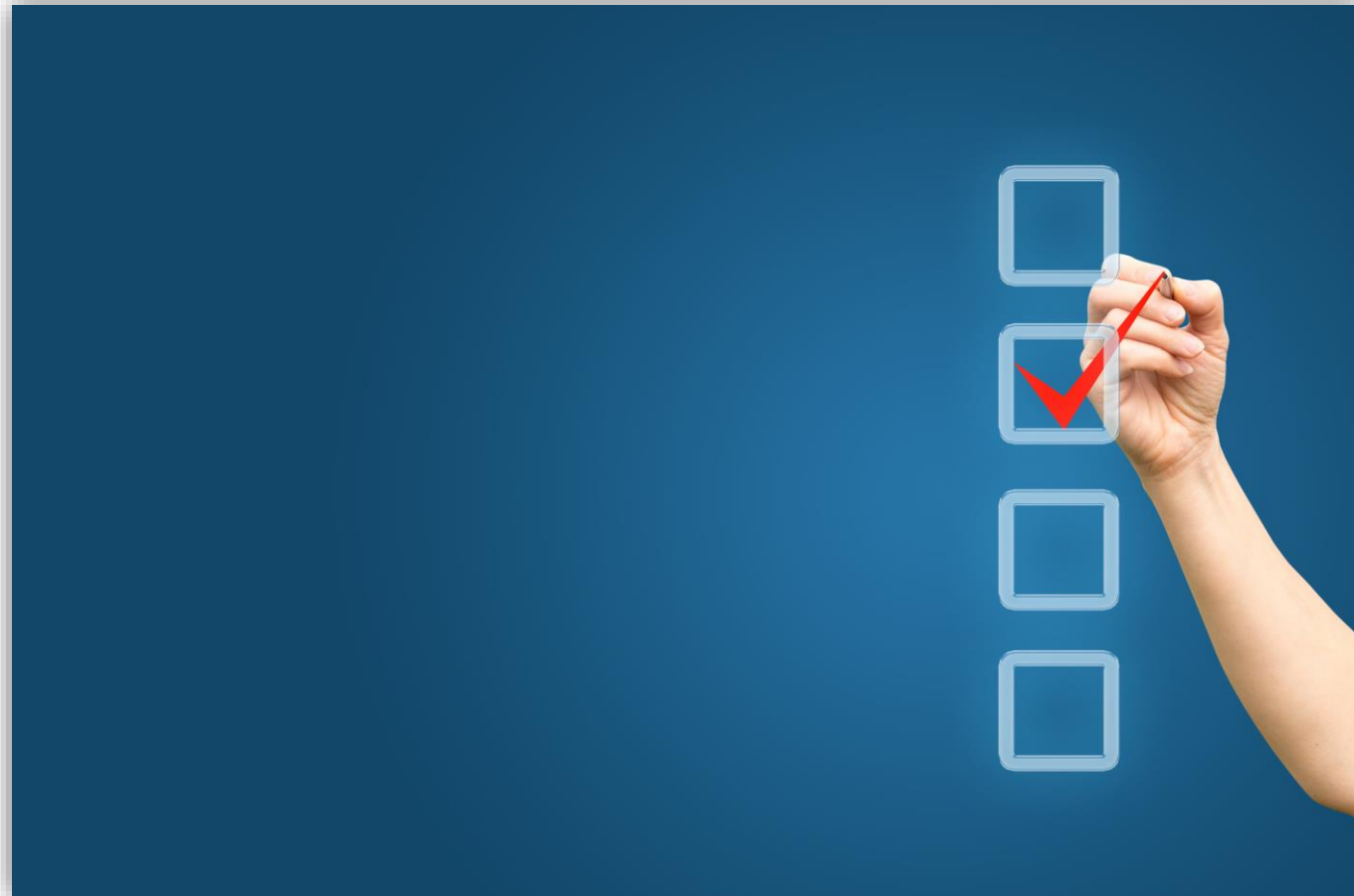
- Living vs. Testamentary
- Revocable vs. Irrevocable
- Life Insurance Trusts
- Retirement Plan Trusts
- Special Needs Trusts
- Dynasty Trusts
- Asset Protection Trusts
- Beneficiary Controlled Trust



WHAT IS TRUST ADMINISTRATION?

- A Trust is a **contract** which creates legal relationships – Grantor hands over assets to Trustee to manage for Beneficiaries
- Provides **lifetime management** of assets
- Allows family to **avoid probate & assure privacy**
- Can be used to **protect assets or reduce taxes**
- Trustee is responsible for managing trust assets and administering the trust- there is a “**fiduciary duty**” to beneficiaries

A BRIEF POLL



Trust Funding

THE DAY OF YOUR DOCUMENT SIGNING...



- Once your documents are drafted and carefully reviewed, a document execution will be held
- Before you start signing, you will receive several documents which are listed on Form I via “Post Execution Checklist”
- **(See “Your Planning Documents” Form I)**

TRUST FUNDING KIT

- A. Trust Funding Letter (see **Form 2**)
- B. Certification of Trust (see **Form 3**)
 - Provided to each Financial Institution
- C. Attorney Certified Copy of your Trust
- D. Trust Funding Worksheet (see **Form 4**)



THE TRUST FUNDING PROCESS

Revocable

- All Assets included- avoid probate
 - Exceptions – see below*
- All bank accounts in

Irrevocable

- Select Assets included
- Annuity Issues- tax treatment
- Some bank accounts out

BOTH

- *IRA, 401(K) – outside trust
- Home Star exemption, capital gains tax issues

All other assets are treated the same

TRUST FUNDING - PCS

- Tangible Personal Property
 - Assignment – (see **Form 5**)
 - Distribution – (see **Form 6**)
- Real Property
 - Deeds to Trust
- Tangible Personal Property
 - Shares – Corporations
 - Membership Interests – LLC's



TREATMENT OF RETIREMENT ACCOUNTS

- Transfer of retirement accounts would be a taxable event
- **Beneficiary designations must be reviewed & redrafted to coordinate with the Trust**
- SECURE Act effective January 1, 2020 changed the rules

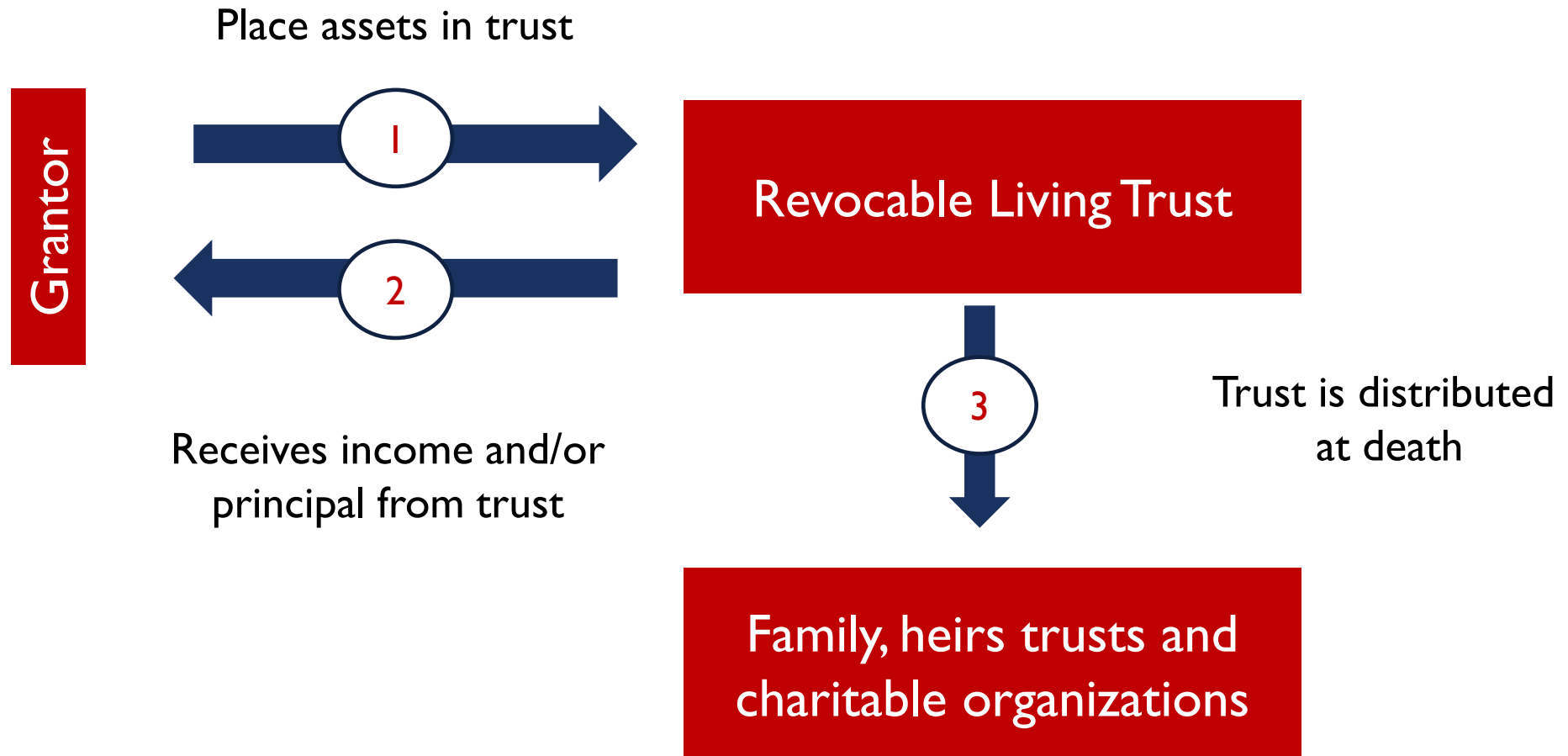


THE SECURE ACT

- Imposes a mandatory 10 year payout for all qualified retirement accounts, including 401(k)s, 403(b)s, etc. (Exceptions for spouse, disabled or chronically ill individual)
- Careful consideration must be given to naming trusts as beneficiaries
- Trust Protectors can be used to add flexibility
- All existing Trusts should be reviewed to avoid unintended consequences

**View our webinar on the SECURE Act at
www.pierrolaw.com/videos**

TRUST FUNDING- REVOCABLE TRUST



TRUST FUNDING- IRREVOCABLE TRUST

Medicaid Asset Protection Trust

CLIENTS

ASSETS



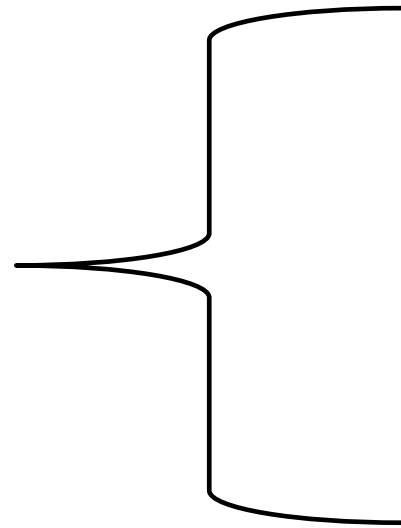
INCOME



- Trustee – manages trust assets
- Beneficiaries – income & principal
- Client – income for life and rights to use real and personal property
- Heirs = Remaindermen - inherit when trust ends

TRUST FUNDING- IRREVOCABLE TRUST

Home
Bank Accounts
Stocks & Bonds
Annuities
Life Insurance
Business
Real Estate



MAPT

- Income can be paid or accumulated
- Principal can NOT be given back to the Grantor directly
- Principal can be paid to children or others (who can use it for any purpose)

TRUST FUNDING- IRREVOCABLE TRUST

KEEP OUT

Cash

Bank Acct.

IRA, 401(k)

Security Features

- Power to change Trustee
- Power to change beneficiaries
- Can revoke under NY Law with consents

MEDICAID HOME CARE



Drastic New York
Medicaid changes
take effect – today!

October 2020						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Thursday, Oct 1st 2020

WHEN DO THE HOME CARE CHANGES TAKE EFFECT?

- Asset transfers made **before** October 1 by applicants who apply for Medicaid Home Care will not have any eligibility penalty
- Transfers on or after 10/1/20 will be subjected to new rules
- Other home care rules will be phased in beginning January 1, 2021



APPLICATIONS AFTER 10/1/20

The law imposes a “Medicaid lookback” for home care applications filed after January 1, 2021

- Transfers made after October 1 will be subject to penalty for Medicaid Home Care applications, with a phased-in “lookback” that eventually will total 30 months



Take Away: applicants need to plan (create a MAPT) at least 30 months in advance of the need for Medicaid home care; 60 months for nursing home care

Taxation of Trusts

David Wojeski, CPA

TRUST & TAX ISSUES

- Separate tax returns
- New tax ID unless Grantor=Trustee- See SS-4 (see **Form 7**)
- Situs of trust- what state to file in
- Different type= different tax considerations
- Determined by terms within trust
 - Grantor
 - Simple
 - Complex
- See “Information for Tax Professionals” – (see **Form 8**)

TRANSFER AND THE IMPACT ON THE ESTATE TAX

- Transfers to Trusts can be either completed as gifts or remain in the grantors taxable estate.
- The Federal Gift Tax Exemption is \$11,580,00
There is no NYS Gift Tax
- The Federal Estate Tax Exemption is \$11,580,000
The NYS Estate Tax Exemption is \$5,850,000



BIDEN'S PROPOSED TAX PLAN



- Lower the estate tax and gift tax exemption
- Increase the estate and gift tax rates
- Increase the capital gains tax rates
- Increase capital gains tax to ordinary income tax rates for income over \$1 million
- Repeal the step-up in basis at death
- Deemed sales of assets when gifted or at death

GRANTOR TRUST

Definition: A trust in which the grantor of the trust is treated as if he or she owns the property outright for income tax purposes

- Separate tax filing
- Income taxes paid by grantor
- No gift tax return if power of appointment is retained

SIMPLE TRUST

Definition: A trust that requires all income to be distributed to non-charitable beneficiaries at least annually.

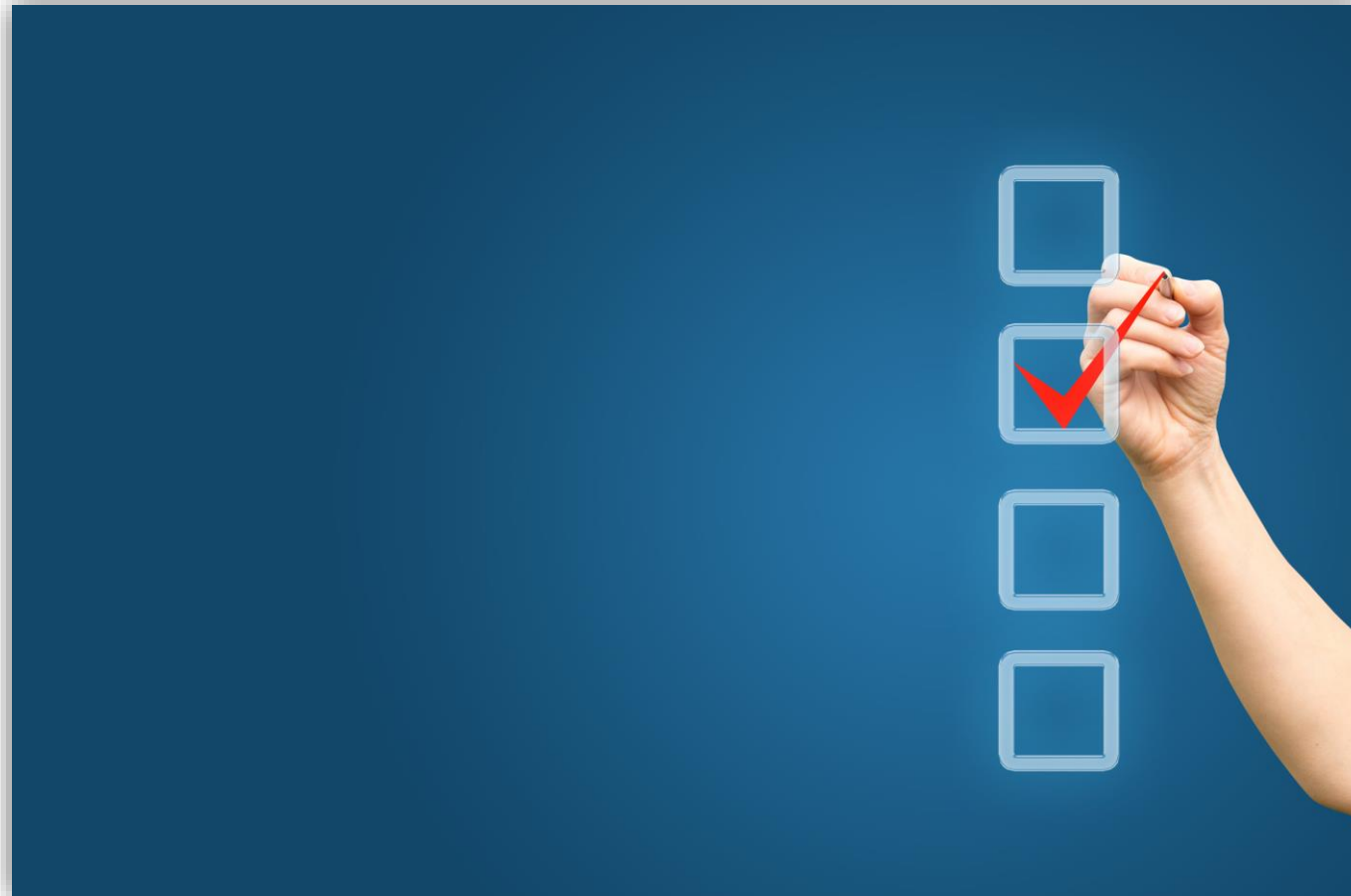
- Trustee has no discretion
- Income tax paid by beneficiary
- Watch capital gains

COMPLEX TRUST

Definition: A trust that may distribute income or principal to its beneficiaries or make charitable contributions at the trustee's discretion

- Income tax could be shared by trust and beneficiaries
- Beneficiary brackets vs. trust brackets = **planning opportunity**

A BRIEF POLL



TRUST AND ESTATE INCOME TAX BRACKET

2020 Estate & Trust Income Tax Bracket

If taxable income is:	The tax is:
Not over \$2,600	10% of taxable income
\$2,601 but not over \$9,300	\$260 plus 24% of the amount over \$2,600
\$9,301 to \$12,750 in income	\$1,868 plus 35% of the amount over \$9,300
Over \$12,750 in income	\$3,075.50 plus 37% of the amount over \$12,750

DEFINITION OF INCOME

- Money or property received as current return from a principal asset
- Can sometimes include a portion of receipts from a sale, exchange or liquidation of a principal asset



ALLOCATION TO PRINCIPAL

- Property received
- Money received in exchange for trust's interest
- Money received in total or partial liquidation

DISTRIBUTION PLANNING

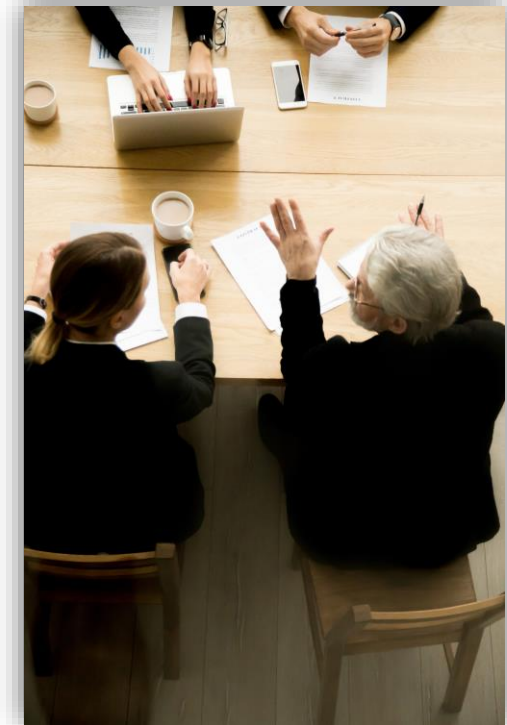
- Tax brackets and net investment income tax
- Year end planning and 65 day rule
- Distributing Capital Gains



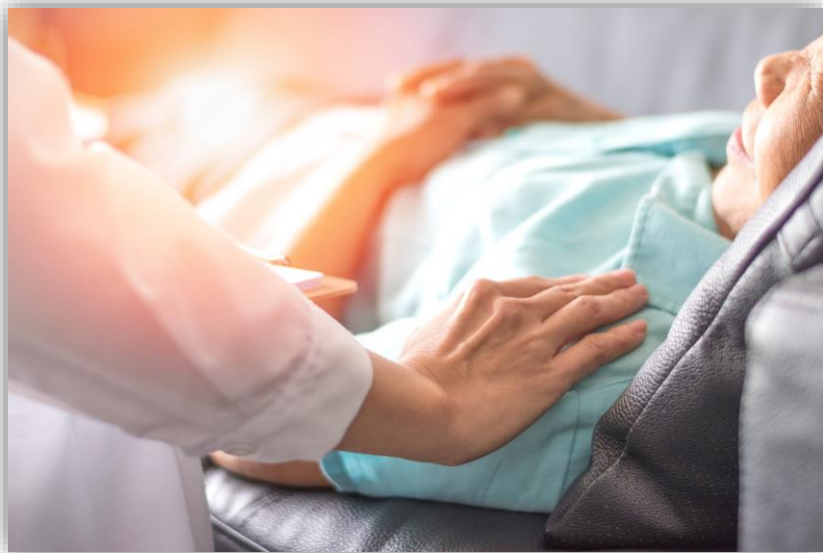
Lifetime Administration

YOUR REVOCABLE TRUST DURING YOUR LIFE

- Grantor= Trustee= Beneficiary - business as usual
- Incapacity
 - Successor Trustee takes over administration
- How is incapacity determined?
 - Physician Affidavit
 - Court Determination
 - Disappearance



YOUR REVOCABLE TRUST DURING YOUR LIFE



- Management of your Assets during Incapacity
 - Draft in provisions to cover your needs and those of your family
 - Administered for Grantor, Spouse and Dependents
 - Consider Special Needs and Spendthrifts

IRREVOCABLE- MEDICAID ASSET PROTECTION TRUST

- Grantor \neq Trustee at inception
- Income - to Grantor or Remainder Beneficiaries
 - What is income? (Principal & Income Act)
 - Sale of real property- capital gains tax?
- Principal – Remainder Beneficiaries
 - In the Trustee's discretion
 - No restrictions on use of principal distributions

AND NOW – A WORD FROM OUR SPONSOR

Michael Bates
John Bresonis

Trustco Bank Financial Services

TRUSTCO BANK - SERVICES

Estates:

- We serve as executor, co-executor, successor, and/or agent for the executor
- Work in tandem with Attorney and Accountant in performing administration
- Preparation of accounting, and filing of Estate Tax Returns, Fiduciary Income Tax Returns, and Decedent Final Income Tax Return
- Provide additional Trust services for client satisfaction

TRUSTCO BANK - SERVICES

Trusts:

- We serve as trustee, co-trustee, successor, and/or agent for the trustee
- Upheld to the standards of the Prudent Investor Act in managing assets
- Consistent review clients needs in conjunction with the trust agreement
- Preparation and filing of Fiduciary Income Tax Return
- Provide Personal Financial Advisory Services and Estate Planning

TRUSTCO BANK - SERVICES

Investment Management:

- Management of qualified and non-qualified accounts.
- Customized investment portfolio catering to the individual
- Provide annual detailed tax statements on income, expenses and capital gains/losses
- Incorporate fixed income and equities
- Ancillary bill paying service
- Provide Personal Financial Advisory Services and Estate Planning

TRUSTCO BANK – IN YOUR HANDOUTS

Trust Administration Annual Fee Schedule

- Our annual fee for serving as trustee or co-trustee, is based upon the market value of trust principal, and is generally collected quarterly, 2/3 from principal and 1/3 from income.

Investment Performance

- On a monthly and/or quarterly basis, we provide investment performance of composites.

Tax Reporting & Accounting

Return Requirements

Revocable = Form 1040

Irrevocable = Form 1041

CALCULATING TAX LIABILITY

- Income
- Less deductions
- Less distributions
- Less exemption



CALCULATING TAX LIABILITY

Income

- Investment earning-interest/ dividends
- Rental real estate
- Business income
- Pass-through income

Deductions

- Legal and accounting fees
- Fiduciary fees
- Interest
- Taxes- TCJA limitation
- Administration expenses

FIDUCIARY RETURN- FORM 1041

(See Form 9)

Form 1041 U.S. Income Tax Return for Estates and Trusts		2019	OMB No. 1545-0092
Department of the Treasury—Internal Revenue Service Go to www.irs.gov/Form1041 for instructions and the latest information.			
A Check all that apply: <input type="checkbox"/> Decedent's estate <input type="checkbox"/> Simple trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Qualified disability trust <input type="checkbox"/> ESBT (S portion only) <input type="checkbox"/> Grantor type trust <input type="checkbox"/> Bankruptcy estate—Ch. 7 <input type="checkbox"/> Bankruptcy estate—Ch. 11 <input type="checkbox"/> Pooled income fund		For calendar year 2019 or fiscal year beginning , 2019, and ending , 20	
Name of estate or trust (If a grantor type trust, see the instructions.)		C Employer identification number	
Name and title of fiduciary		D Date entity created	
Number, street, and room or suite no. (If a P.O. box, see the instructions.)		E Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions. <input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation . . . <input type="checkbox"/> <input type="checkbox"/> Described in sec. 4947(a)(2)	
City or town, state or province, country, and ZIP or foreign postal code			
B Number of Schedules K-1 attached (see instructions) ▶	F Check applicable boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Net operating loss carryback <input type="checkbox"/> Change in trust's name <input type="checkbox"/> Change in fiduciary <input type="checkbox"/> Change in fiduciary's name <input type="checkbox"/> Change in fiduciary's address		
G Check here if the estate or filing trust made a section 645 election <input type="checkbox"/> Trust TIN ▶			

GRANTOR 1041

Form 1041 Department of the Treasury—Internal Revenue Service U.S. Income Tax Return for Estates and Trusts ▶ Go to www.irs.gov/Form1041 for instructions and the latest information.		2019	OMB No. 1545-0092
A Check all that apply: <input type="checkbox"/> Decedent's estate <input type="checkbox"/> Simple trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Qualified disability trust <input type="checkbox"/> ESBT (S portion only) <input checked="" type="checkbox"/> Grantor type trust <input type="checkbox"/> Bankruptcy estate—Ch. 7 <input type="checkbox"/> Bankruptcy estate—Ch. 11 <input type="checkbox"/> Pooled income fund		For calendar year 2019 or fiscal year beginning , 2019, and ending , 20 Name of estate or trust (If a grantor type trust, see the instructions.) Piero Grantor Trust Name and title of fiduciary Grantor Trustee Number, street, and room or suite no. (If a P.O. box, see the instructions.) 43 British American Blvd. City or town, state or province, country, and ZIP or foreign postal code Latham, NY 12110	
B Number of Schedules K-1 attached (see instructions) ▶		C Employer identification number 123-456789 D Date entity created E Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions. <input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation . . . ▶ <input type="checkbox"/> <input type="checkbox"/> Described in sec. 4947(a)(2)	
F Check applicable boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Net operating loss carryback <input type="checkbox"/> Change in trust's name <input type="checkbox"/> Change in fiduciary <input type="checkbox"/> Change in fiduciary's name <input type="checkbox"/> Change in fiduciary's address		G Check here if the estate or filing trust made a section 645 election . . . ▶ <input type="checkbox"/> Trust TIN ▶	
Income	1 Interest income		
	2a Total ordinary dividends		
	b Qualified dividends allocable to: (1) Beneficiaries (2) Estate or trust		
	3 Business income or (loss). Attach Schedule C (Form 1040 or 1040-SR)		
	4 Capital gain or (loss). Attach Schedule D (Form 1041)		
5 Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040 or			

UNDER THE TERMS OF THE TRUST INSTRUMENT, THIS IS A GRANTOR TRUST. ALL INCOME IS TAXABLE TO THE GRANTOR AS SET FORTH UNDER SECTIONS 671-678 I.R.C. A STATEMENT OF INCOME, DEDUCTIONS & CREDITS IS ATTACHED

GRANTOR LETTER

2019 FEDERAL GRANTOR INFORMATION

GRANTOR 1
PAGE 1

PIERRO GRANTOR TRUST
GRANTOR
43 BRITISH AMERICAN BLVD
LATHAM, NY 12110

(see **Form 10**)

Grantor Name and Address
GRANTOR
7 SUNNY LANE
LATHAM, NY 12110

Trust Tax ID: 12-3456789
Grantor ID/SSN: 123-45-6789
% Ordinary Income: 100.000000
% Capital Gain/Loss: 100.000000

THE FOLLOWING INCOME, DEDUCTIONS AND CREDITS ARE TO BE REPORTED ON THE INCOME TAX RETURN OF THE ABOVE NAMED GRANTOR.

INCOME

ORDINARY DIVIDENDS
(ENTER ON LINE 9A FORM 1040)

\$ 2,750. \$ 2,750.

QUALIFIED DIVIDENDS
(ENTER ON LINE 9B, FORM 1040)

\$ 2,750. \$ 2,750.

INTEREST
(ENTER ON LINE 1, SCHEDULE B, FORM 1040)

\$ 750. \$ 750.

DEDUCTIONS

MORTGAGE INTEREST
(ENTER ON LINE 10 OR 11, SCHEDULE A, FORM 1040)

\$ 4,500.

PROPERTY TAXES (INVESTMENT)
(LN. 6, SCH. A AND IF APPLICABLE, LN. 5, FRM 4952)

\$ 7,500.

NON- GRANTOR 1041

Form **1041** Department of the Treasury—Internal Revenue Service
U.S. Income Tax Return for Estates and Trusts
 2019 OMB No. 1545-0092

A Check all that apply:
☐ Decedent's estate
☒ Simple trust
☐ Complex trust
☐ Qualified disability trust
☐ ESBT (S portion only)
☐ Grantor type trust
☐ Bankruptcy estate—Ch. 7
☐ Bankruptcy estate—Ch. 11
☐ Pooled income fund

For calendar year 2019 or fiscal year beginning , 2019, and ending , 20

Name of estate or trust (if a grantor type trust, see the instructions.)
Pierro Non-Grantor Trust

Name and title of fiduciary
Trustee

Number, street, and room or suite no. (if a P.O. box, see the instructions.)
13 British American Blvd.

City or town, state or province, country, and ZIP or foreign postal code
Latham, NY 12110

C Employer identification number
12-3456789

D Date entity created

E Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions.
☐ Described in sec. 4947(a)(1). Check here if not a private foundation ☐
☐ Described in sec. 4947(a)(2)

B Number of Schedules K-1 attached (see instructions) ☐ Check applicable boxes:
☐ Initial return ☐ Final return ☐ Amended return ☐ Net operating loss carryback
☐ Change in trust's name ☐ Change in fiduciary ☐ Change in fiduciary's name ☐ Change in fiduciary's address

G Check here if the estate or filing trust made a section 645 election ☐ Trust TIN ☐

Income	1 Interest income	1	750
	2a Total ordinary dividends	2a	32,750
	b Qualified dividends allocable to: (1) Beneficiaries 32,750 (2) Estate or trust		
	3 Business income or (loss). Attach Schedule C (Form 1040 or 1040-SR)	3	
	4 Capital gain or (loss). Attach Schedule D (Form 1041)	4	
	5 Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040 or 1040-SR)	5	
	6 Farm income or (loss). Attach Schedule F (Form 1040 or 1040-SR)	6	
	7 Ordinary gain or (loss). Attach Form 4797	7	
	8 Other income. List type and amount	8	
9 Total income. Combine lines 1, 2a, and 3 through 8	9	33,500	
Deductions	10 Interest. Check if Form 4952 is attached <input type="checkbox"/>	10	4,500
	11 Taxes	11	7,500
	12 Fiduciary fees. If only a portion is deductible under section 67(e), see instructions	12	
	13 Charitable deduction (from Schedule A, line 7)	13	
	14 Attorney, accountant, and return preparer fees. If only a portion is deductible under section 67(e), see instructions	14	
	15a Other deductions (attach schedule). See instructions for deductions allowable under section 67(e)	15a	
	b Net operating loss deduction. See instructions	15b	
	16 Add lines 10 through 15b	16	12,000
	17 Adjusted total income or (loss). Subtract line 16 from line 9	17	21,500
	18 Income distribution deduction (from Schedule B, line 15). Attach Schedules K-1 (Form 1041)	18	21,500
	19 Estate tax deduction including certain generation-skipping taxes (attach computation)	19	
	20 Qualified business income deduction. Attach Form 8995 or 8995-A	20	
	21 Exemption	21	300
22 Add lines 18 through 21	22	21,800	
Totals	23 Taxable income. Subtract line 22 from line 17. If a loss, see instructions	23	-300
	24 Total tax (from Schedule G, Part I, line 9)	24	0

SCHEDULE K-1

(see **Form 11**)

661117

Schedule K-1
(Form 1041)
Department of the Treasury
Internal Revenue Service

2019
For calendar year 2019, or tax year

☐ Final K-1 ☐ Amended K-1
OMB No. 1545-0092

beginning / / **2019** ending / /

Beneficiary's Share of Income, Deductions, Credits, etc. ▶ See back of form and instructions.

Part I Information About the Estate or Trust

A Estate's or trust's employer identification number
12-3456789

B Estate's or trust's name
Pierro Non-Grantor Trust

C Fiduciary's name, address, city, state, and ZIP code
Trustee
43 British American Blvd.
Latham, NY 12110

D ☐ Check if Form 1041-T was filed and enter the date it was filed

E ☐ Check if this is the final Form 1041 for the estate or trust

Part II Information About the Beneficiary

F Beneficiary's identifying number
123-45-6789

G Beneficiary's name, address, city, state, and ZIP code
Beneficiary
7 Sunny Lane
Latham, NY 12110

H ☒ Domestic beneficiary ☐ Foreign beneficiary

Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items

<p>1 Interest income</p> <p>2a Ordinary dividends 21,500</p> <p>2b Qualified dividends 21,500</p> <p>3 Net short-term capital gain</p> <p>4a Net long-term capital gain</p> <p>4b 28% rate gain</p> <p>4c Unrecaptured section 1250 gain</p> <p>5 Other portfolio and nonbusiness income</p> <p>6 Ordinary business income</p> <p>7 Net rental real estate income</p> <p>8 Other rental income</p> <p>9 Directly apportioned deductions</p> <p>10 Estate tax deduction</p>	<p>11 Final year deductions</p> <p>12 Alternative minimum tax adjustment</p> <p>13 Credits and credit recapture</p> <p>14 Other information 21,500</p>
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*See attached statement for additional information.
Note: A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041. www.irs.gov/Form1041 Cat. No. 11380D Schedule K-1 (Form 1041) 2019

Trust Administration at Death

- I. Paying Bills & Costs
- II. Distributions to Beneficiaries
- III. Tax and Accounting Issues

DURATION OF PROBATE ESTATE ADMINISTRATION

- **No access to assets prior to probate-** court must issue Letters Testamentary- risk of delays
- **Minimum 7 months** for simple estates
- Larger estates with complicated assets average **12-24 months**
- Maximum timeframe: **Unlimited** in the event of litigation or other complications



POTENTIAL PROBATE PITFALLS

- Complicated assets
- Minors
- Incapacitated distributees or beneficiaries
- Predeceased distributees or beneficiaries
- Charities
- Creditors
- Disharmony
- Estate Taxes
- Unknown Heirs (Publication)
- Litigation/ Will contests

COSTS FOR PROBATE & ADMINISTRATION

- Court fees
- Heir search/ publication
- Executors commissions
- Legal Fees
- Service of process
- Bond if needed
- Accountant fees
- Appraisal fees
- GAL if needed
- Litigation expenses if applicable



Trust

VS.

Will

- No probate
- Manages assets during life and provides long term protection
- Provides for successor trustee upon death or incapacity
- Financial affairs remain private

- Probate: cost & delays
- Takes effect after death
- No provision for incapacity
- May need a guardian or other planning
- No privacy – court papers filed in probate are public record

DISTRIBUTIONS TO BENEFICIARIES

Revocable Trust Administration: First Spouse's Death

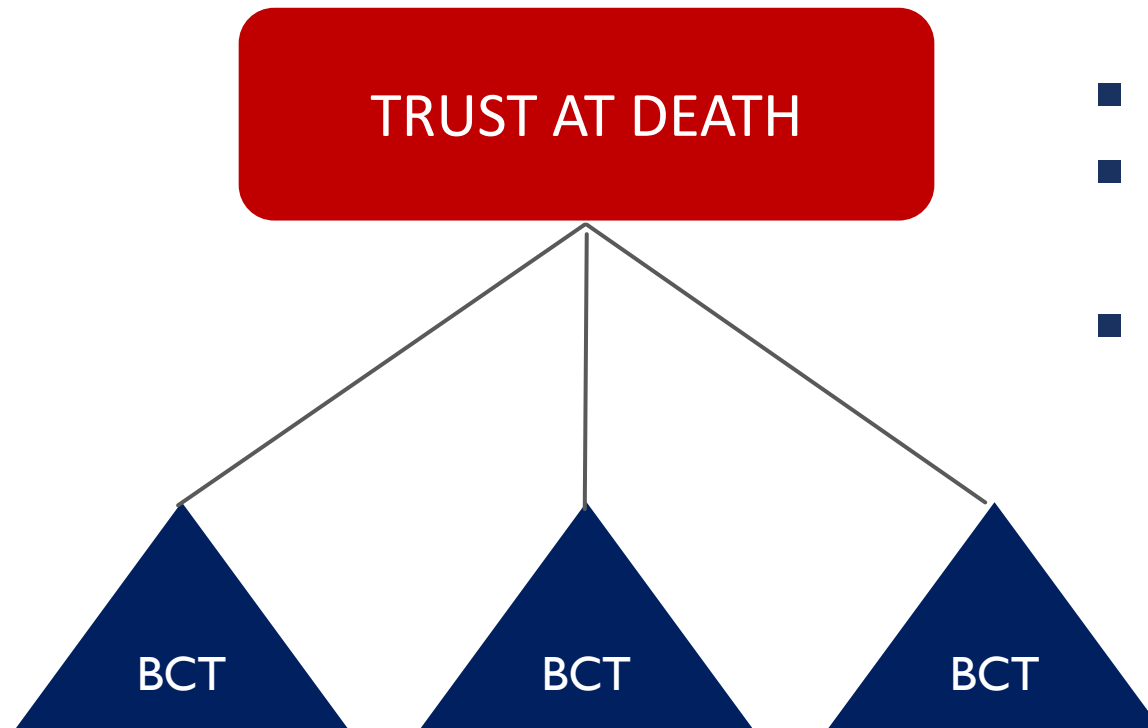
- Generally all to Survivor- joint trust considerations
- Survivors' credit shelter and marital deduction sub-trusts- creditor protection
- Testamentary Trusts (SNT option)
- Funding formula
 - Pecuniary
 - Fractional Share
- Disclaimers
- QTIP's

DISTRIBUTIONS TO BENEFICIARIES

Revocable Trust Administration: Second Spouse's Death

- Outright to children & beneficiaries
- Lifetime Sub-trusts-Beneficiary Controlled Trusts
 - Creditors
 - Divorcing Spouses
 - Spendthrift
 - Predators
 - Government Benefits – Special Needs Trusts
- Beneficiary – income discretionary, unitrust
- Principal – discretionary, HEMS
- Beneficiary as trustee – NY Rule

BENEFICIARY CONTROLLED TRUSTS



- Child can be trustee = Control
- Can use assets for themselves and grandchildren
- Guarantees the family's legacy- assets stay in the bloodline.

TAX FILINGS



- Decedent's final 1040
- Estate 1041
- Estate 706 or ET-706? (claim portability-federal)
- Trust 1041
- Timing issue- if expenses and fees paid late, may lose deductions due to distribution of corpus

ACCOUNTING REQUIREMENT

To whom does the trustee account?

- To each beneficiary that income or principal is required or authorized in the trustee's discretion to be currently distributed

What is accounted for?

- Every incoming and outgoing transaction

Will or Trust can/should waive formal accounting

MAINTAINING YOUR PLAN

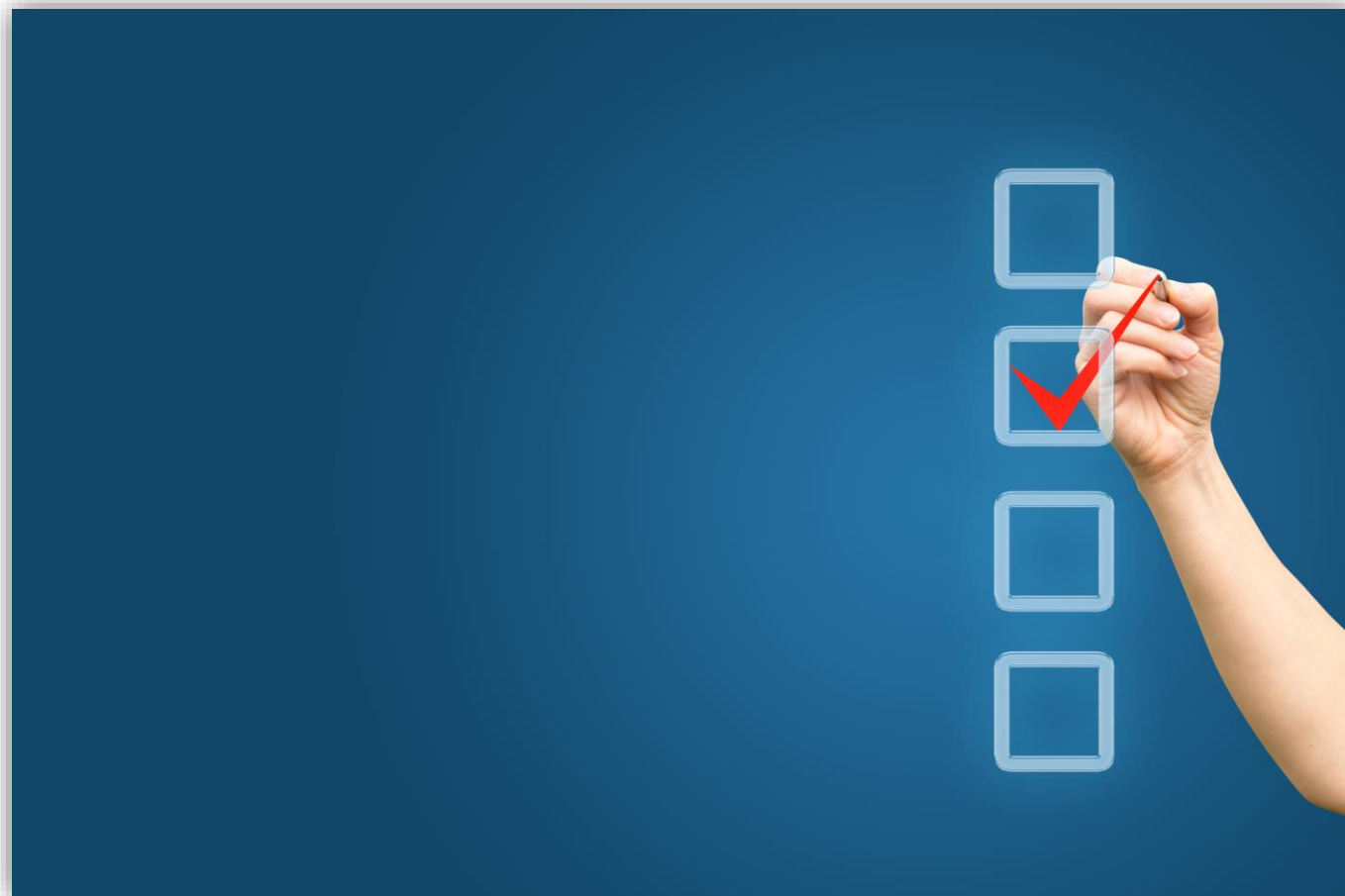
- Laws and circumstances are subject to frequent changes
- Maintaining your plan is crucial- what are your options?

P.A.L.M.S

Professional Advocates Lifetime Maintenance System

(see Form 12)

WRAP-UP POLL



NEXT TRUST WORKSHOP

Thursday, January 14, 2020
12-1:30 pm

Capital Region Chamber, Colonie, NY
on online as determined by health and safety

REGISTER: www.pierrolaw.com/events

COMPLIMENTARY CONSULTATION



Louis Pierro, Esq.
Aaron Connor, Esq.
(518)459-2100
info@pierrolaw.com



WOJESKI & COMPANY

Certified Public Accountants

David Wojeski
(518)477-1102
info@wojeskico.com

Thank you!



Michael Bates
(518)381-3643
mbates@trustcobank.com