

STARTING SOON

## Trust Administration Workshop

April 22, 2021

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

Linked to the handouts were emailed at I I am and are posted here:  
[www.pierrolaw.com/resources](http://www.pierrolaw.com/resources) under “Estate and Trust Planning”

# HOUSEKEEPING

- › Your mics are muted.
- › Handouts can be downloaded from the email you received at I Iam with the Zoom link to this event
- › Also posted at **[www.pierrolaw.com/resources](http://www.pierrolaw.com/resources)** under “Estate & Trust Planning”
- › Ask questions through the “Q&A” space
- › Interactive program: have your mouse ready to participate
- › Please fill out the survey with feedback



# 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

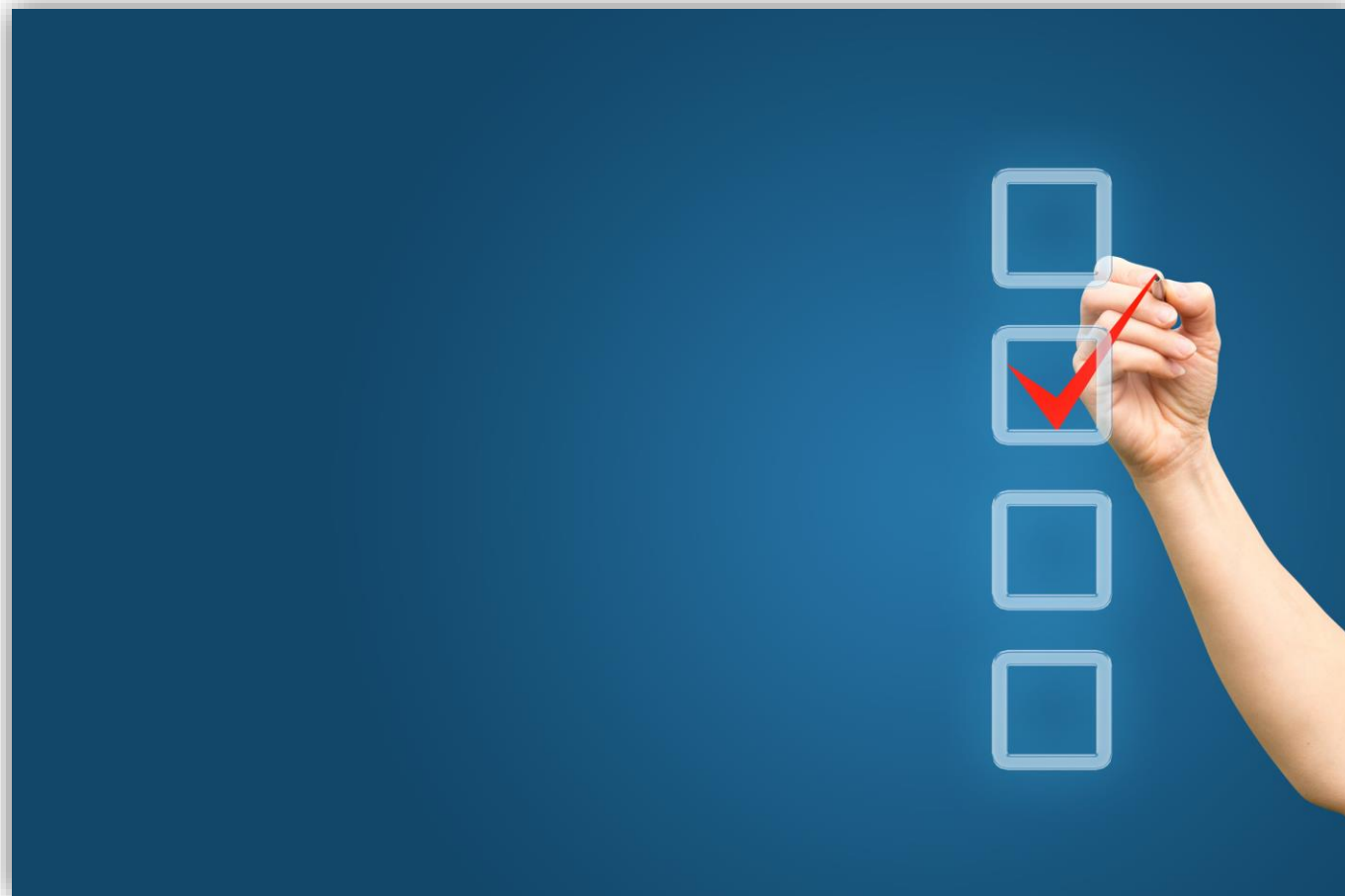
Trustco Bank Financial Services

# 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**



# Trust Funding

# THE DAY OF YOUR DOCUMENT SIGNING...



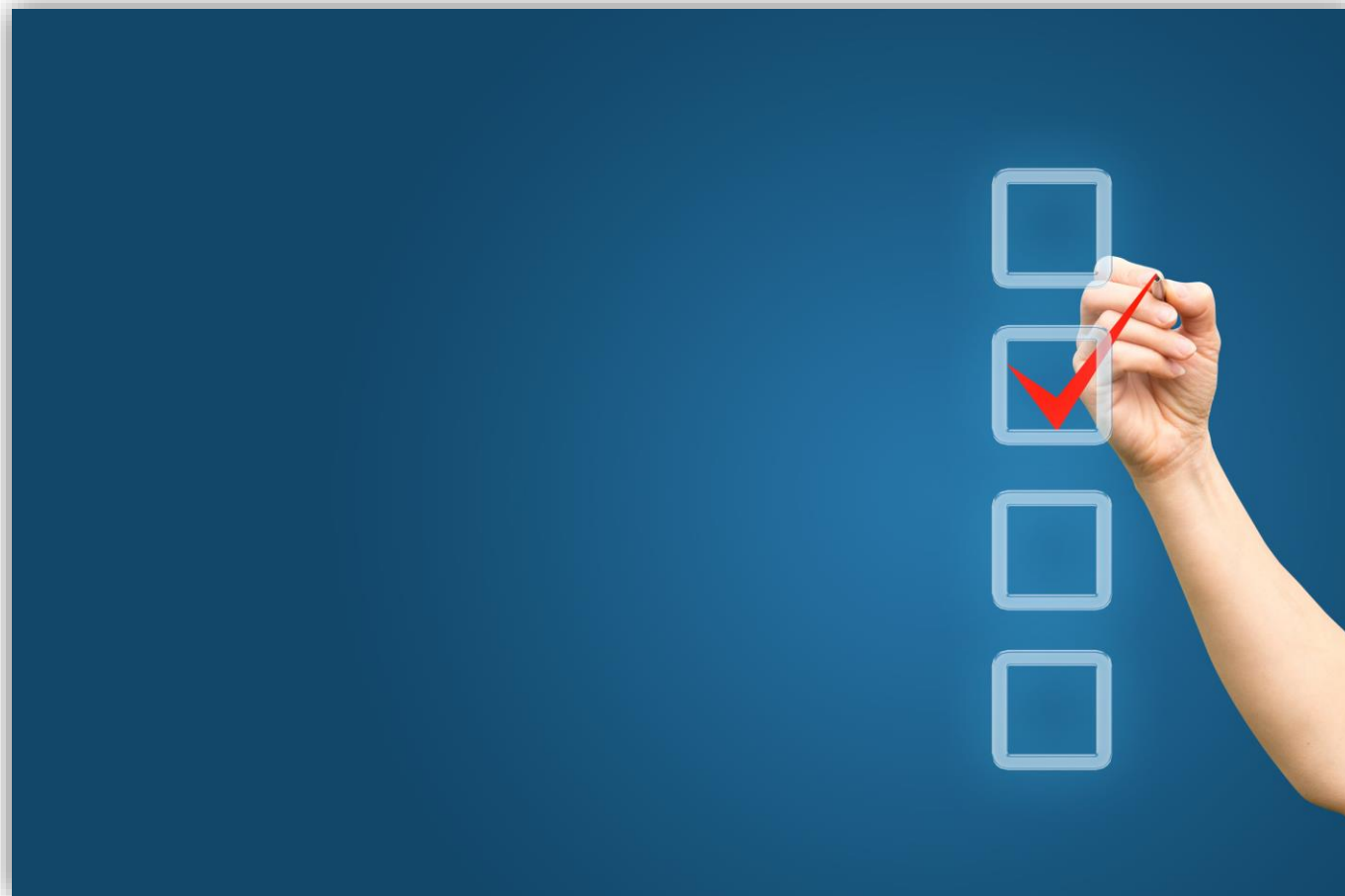
- Once your documents are drafted and carefully reviewed, a document execution will be held
- You will receive several documents which are listed on Form I via “Post Execution Checklist”
- **(See “Your Planning Documents” Form I)**

# 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**)



# A BRIEF POLL



# 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



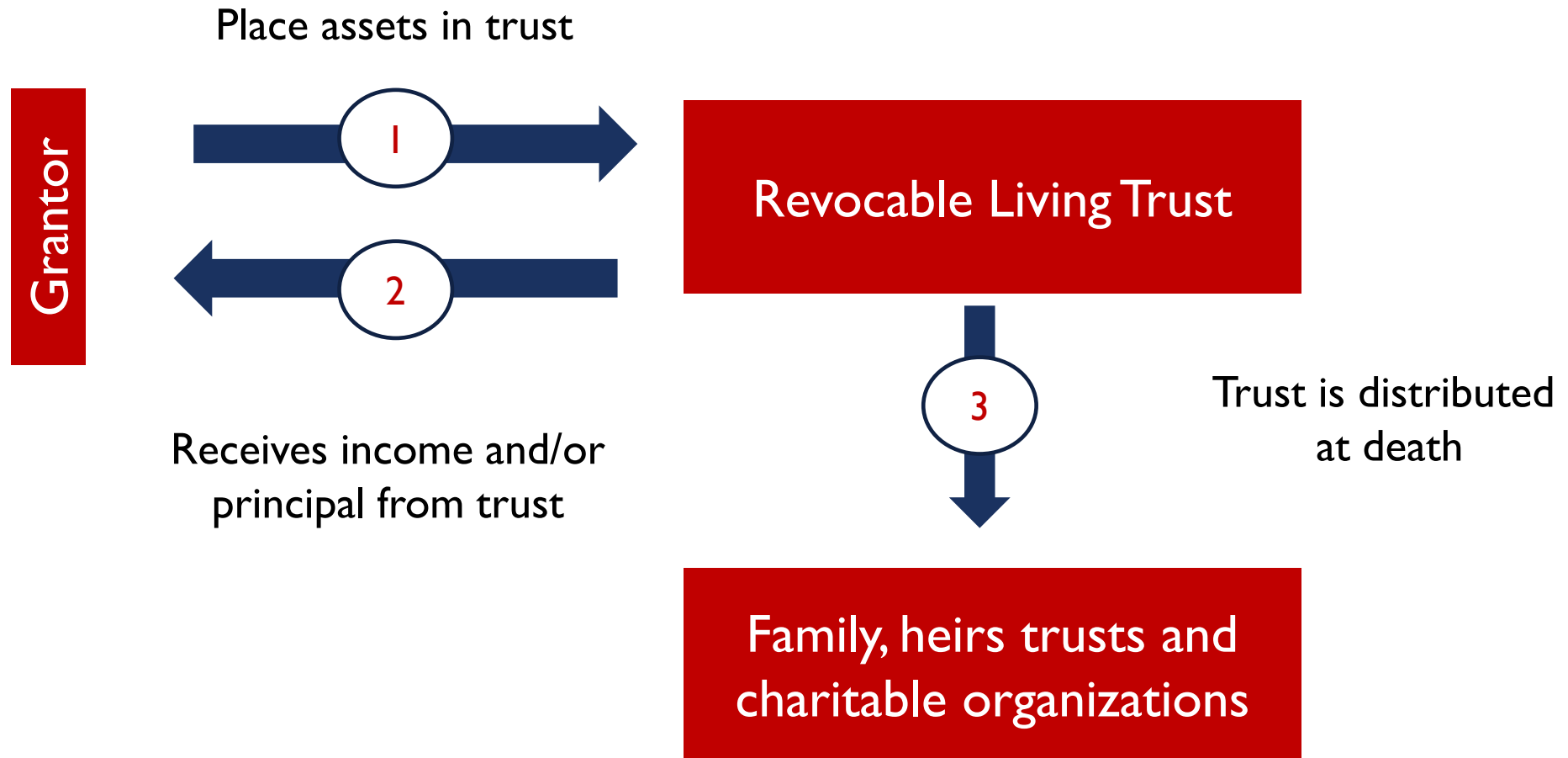
# THE SECURE ACT

- 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](http://www.pierrolaw.com/videos)**



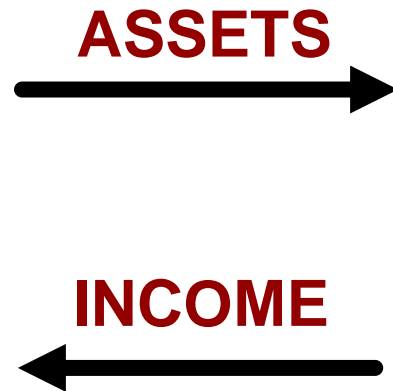
# TRUST FUNDING- REVOCABLE TRUST



# TRUST FUNDING- IRREVOCABLE TRUST

## Medicaid Asset Protection Trust

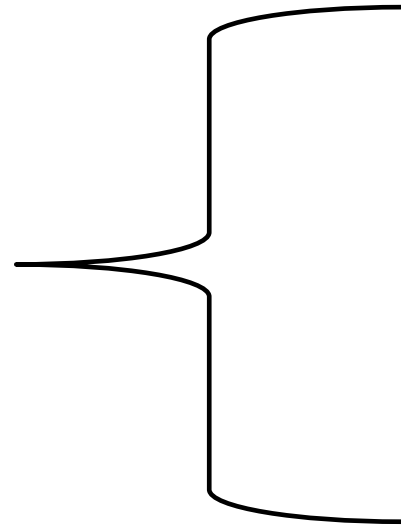
**CLIENTS**



- 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  
Enacted in 2020

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 at a future date
- Other home care rules will be phased in during 2021



# IMPACT ON APPLICATIONS

The new law imposes a “Medicaid lookback” for home care applications

- Transfers made after October 1 will be subject to penalty for Medicaid Home Care 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 \$11,700,00  
There is no NYS Gift Tax
- The Federal Estate Tax Exemption is \$11,700,000  
The NYS Estate Tax Exemption is \$5,930,000



# 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.**

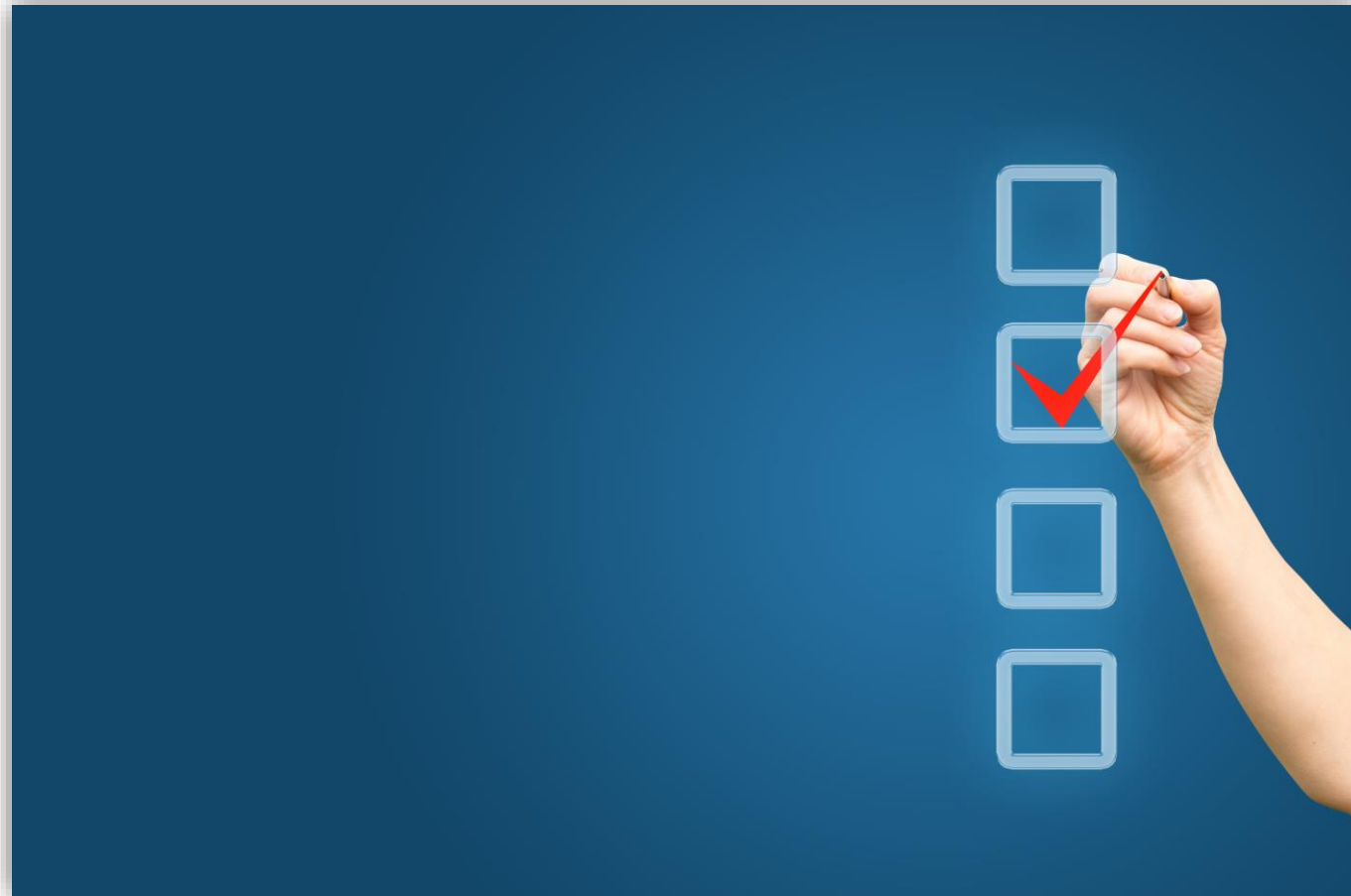
- Trustee has no discretion
- Income tax paid by beneficiary
- Watch capital gains

# 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:

Not over \$2,600

\$2,601 but not over \$9,450

\$9,450 to \$12,950 in income

Over \$12,950 in income

### The tax is:

10% of taxable income

\$260 plus 24% of the amount over \$2,600

\$1,904 plus 35% of the amount over \$9,450

\$3,129 plus 37% of the amount over \$12,950



# 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

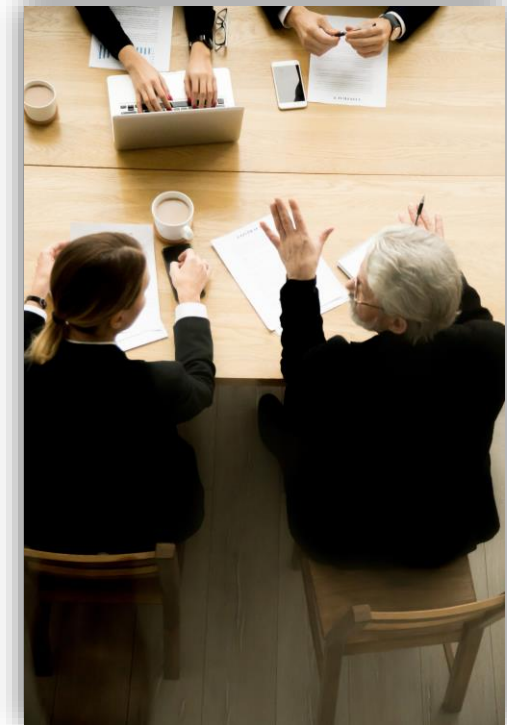
- Tax brackets and net investment income tax
- Year end planning and 65 day rule
- Distributing Capital Gains



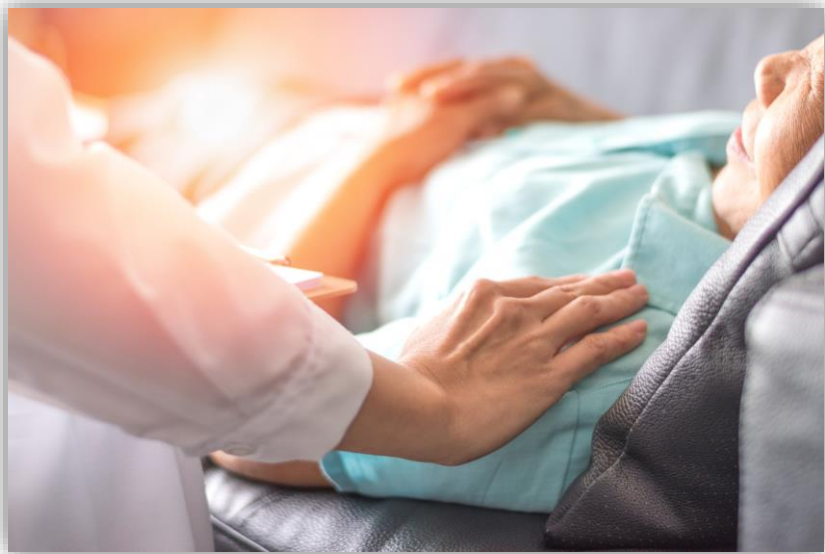
# Lifetime Administration

# 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

# TRUSTCO BANK TRUST & INVESTMENT SERVICES

## **Trustco Bank Financial Services**

Michael Bates  
Business Development Officer

John Bresonis  
Senior Officer, Trust Administration



# TRUSTCO BANK – IN YOUR HANDOUTS

- **Menu of Services**
- **Investment Performance**
- **Trust Administration Fee Schedule**
- **Estate Administration Fee Schedule**

# TRUSTCO BANK – CORPORATE TRUSTEE SERVICES

- Provide professional investment management of trust assets.
- Uphold the standards of the Prudent Investor Act when managing assets
- Professional review of clients' needs in conjunction with the trust agreement when making trust disbursements
- Preparation and filing of annual Federal and State fiduciary tax returns

# BENEFITS OF USING A CORPORATE TRUSTEE

- Trust administration - a long and complicated process
- Family member can become burdened by the time and attention needed
- A bank and trust company has resources and expertise
- Corporate trustees administer trusts in unbiased manner, can make independent decisions that can be difficult for family members
- Corporate trustees are bonded, insured and highly regulated

# 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 – INVESTMENT MANAGEMENT

- Provide professional investment management and advisory services of trust assets, incorporating an allocation of fixed income and equities
- Customized investment portfolio catered to a client or grantor's needs and wishes with respect to a trust agreement
- Management of both qualified and non-qualified accounts
- Monthly statements
- Provide detailed tax statements of income, expenses and capital gains/losses
- Bill paying services
- Fee schedule incorporates both asset management and trust services

# 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



# GRANTOR 1041

Form **1041** Department of the Treasury · Internal Revenue Service  
**U.S. Income Tax Return for Estates and Trusts** | **2020** | OMB No. 1545-0092  
Go to [www.irs.gov/Form1041](http://www.irs.gov/Form1041) for instructions and the latest information.

For calendar year 2020 or fiscal year beginning \_\_\_\_\_, 2020, and ending \_\_\_\_\_

<b>A</b> Check all that apply: <input type="checkbox"/> Decedent's estate <input checked="" 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	Name of estate or trust (if a grantor type trust, see the instructions.) <b>PIERRO NON-GRANTOR TRUST</b>	<b>C</b> Employer identification number <b>12 3456789</b>
	Name and title of fiduciary <b>TRUSTEE</b>	<b>D</b> Date entity created
	Number, street, and room or suite no. (if a P.O. box, see the instructions.) <b>43 BRITISH AMERICAN BLVD.</b>	<b>E</b> 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>LATHAM, NY 12110</b>	

**B** Number of Schedules K-1 attached **1**

**F** 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

**C** Check here if the estate or filing trust made a section 645 election  Trust TIN

# GRANTOR LETTER

(see **Form 10**)

GRANTOR LETTER  
GRANTOR  
43 BRITISH AMERICAN BLVD.  
LATHAM, NY 12110

Tax Year Ending: 12/31/20

Grantor Name & Address GRANTOR 7 SUNNY LANE LATHAM, NY 12110  Social Security Number: 123-45-6789	Name of Trust PIERRO GRANTOR TRUST  Employer ID Number: 12-3456789
--	---

THE FOLLOWING INCOME, DEDUCTIONS AND CREDITS ARE TO BE REPORTED ON THE INCOME TAX RETURNS FOR THE ABOVE NAMED GRANTOR, IF REQUIRED.

FEDERAL INFORMATION	
INCOME	
INTEREST INCOME..... (ENTER ON FORM 1040, SCHEDULE B, PART I, LINE 1)	750.
TOTAL ORDINARY DIVIDEND INCOME..... (ENTER ON FORM 1040, SCHEDULE B, PART II, LINE 5)	2,750.
QUALIFIED DIVIDEND INCOME INCLUDED ABOVE..... (USE FOR SCHEDULE D TAX CALCULATION)	2,750.
DEDUCTIONS	
INTEREST EXPENSE..... (ENTER ON FORM 1040, SCHEDULE A, LINE 8)	4,500.
REAL ESTATE PROPERTY TAX..... (ENTER ON FORM 1040, SCHEDULE A, LINE 5B)	7,500.

# NON-GRANTOR 1041

Department of the Treasury · Internal Revenue Service  
**1041** U.S. Income Tax Return for Estates and Trusts **2020** OMB No. 1545-0092  
 Go to [www.irs.gov/Form1041](http://www.irs.gov/Form1041) for instructions and the latest information.

For calendar year 2020 or fiscal year beginning \_\_\_\_\_, 2020, and ending \_\_\_\_\_

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.)  
**43 BRITISH AMERICAN BLVD.**

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

**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

**B** Number of Schedules K-1 attached **1**

**F** 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

**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)

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

Income		Deductions		Tax and Payments	
1	Interest income	1	750.	23	Taxable income. Subtract line 22 from line 17. If a loss, see instructions
2a	Total ordinary dividends	2a	32,750.	24	Total tax (from Schedule G, Part I, line 9)
3	Business income or (loss). Attach Schedule C (Form 1040)	3		25	2020 net 965 tax liability paid from Form 965-A, Part II, column (k), line 4
4	Capital gain or (loss). Attach Schedule D (Form 1041)	4		26	Total payments (from Schedule G, Part II, line 19)
5	Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040)	5		27	Estimated tax penalty. See instructions
6	Farm income or (loss). Attach Schedule F (Form 1040)	6		28	Tax due. If line 26 is smaller than the total of lines 24, 25, and 27, enter amount owed
7	Ordinary gain or (loss). Attach Form 4797	7		29	Overpayment. If line 26 is larger than the total of lines 24, 25, and 27, enter amount overpaid
8	Other income. List type and amount	8		30	Amount of line 29 to be: a Credited to 2021 <input type="checkbox"/> b Refunded <input type="checkbox"/>
9	<b>Total income. Combine lines 1, 2a, and 3 through 8</b>	9	33,500.		
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			
15b	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.		
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.		
25	2020 net 965 tax liability paid from Form 965-A, Part II, column (k), line 4	25			
26	Total payments (from Schedule G, Part II, line 19)	26			
27	Estimated tax penalty. See instructions	27			
28	Tax due. If line 26 is smaller than the total of lines 24, 25, and 27, enter amount owed	28			
29	Overpayment. If line 26 is larger than the total of lines 24, 25, and 27, enter amount overpaid	29			
30	Amount of line 29 to be: a Credited to 2021 <input type="checkbox"/> b Refunded <input type="checkbox"/>	30			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of fiduciary or other preparer: \_\_\_\_\_ Date: \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instr. 7)?  
 Yes  No

# SCHEDULE K-1

(see Form II)

1

661117

Schedule K-1 (Form 1041) **2020**  Final K-1  Amended K-1 OMB No. 1545-0052

Department of the Treasury Internal Revenue Service For calendar year 2020, or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_

**Beneficiary's Share of Income, Deductions, Credits, etc.** ▶ See page 2 and instructions.

Part I Information About the Estate or Trust		Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items	
A Estate's or trust's employer identification number 12-3456789		1 Interest income	11 Final year deductions
B Estate's or trust's name  PIERRO NON-GRANTOR TRUST		2a Ordinary dividends 21,500.	
C Fiduciary's name, address, city, state, and ZIP code TRUSTEE 43 BRITISH AMERICAN BLVD. LATHAM, NY 12110		2b Qualified dividends 21,500.	
D <input type="checkbox"/> Check if Form 1041-T was filed and enter the date it was filed _____		3 Net short-term capital gain	
E <input type="checkbox"/> Check if this is the final Form 1041 for the estate or trust		4a Net long-term capital gain	
<b>Part II Information About the Beneficiary</b>		4b 28% rate gain	12 Alternative min tax adjustment
F Beneficiary's identifying number		4c Unrecaptured section 1250 gain	
G Beneficiary's name, address, city, state, and ZIP code BENEFICIARY 7 SUNNY LANE LATHAM, NY 12110		5 Other passive and nonbusiness income	
H <input checked="" type="checkbox"/> Domestic beneficiary <input type="checkbox"/> Foreign beneficiary		6 Ordinary business income	
		7 Net rental real estate income	
		8 Other rental income	13 Credits and credit recapture
		9 Directly apportioned deductions	
		10 Estate tax deduction	14 Other information E* 21,500.
		*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 IRS Use Only	

# 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**

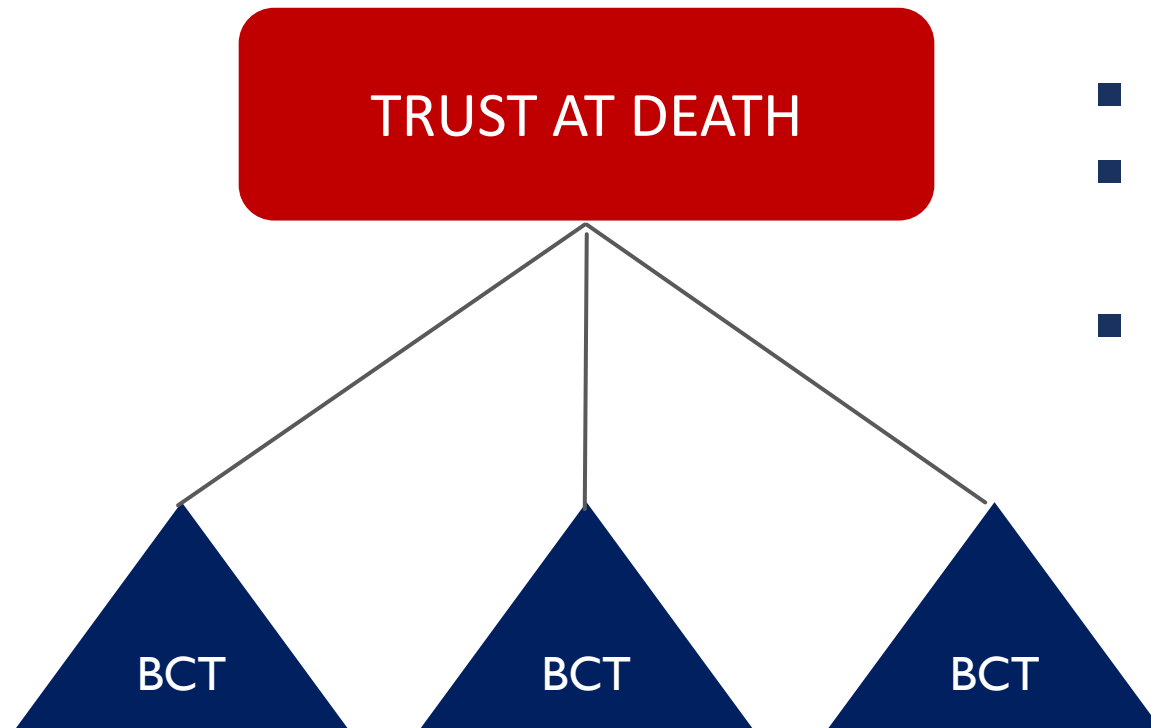
- Generally all to Survivor- joint trust considerations
- Survivors' credit shelter and marital deduction sub-trusts- creditor protection
- Testamentary Trusts (SNT option)
- Funding formula
  - Pecuniary
  - Fractional Share
- Disclaimers
- QTIP's

# 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

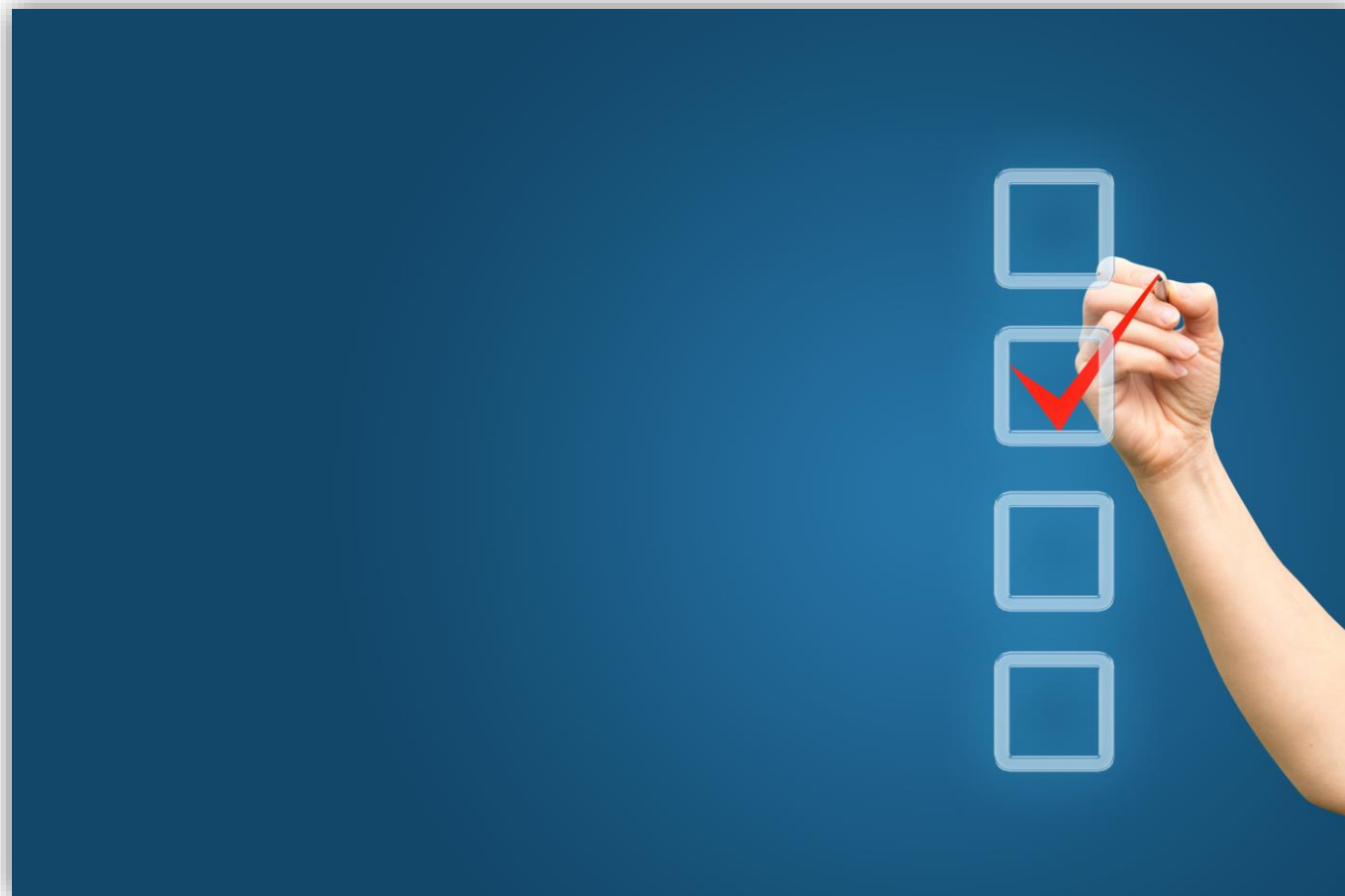
- Laws and circumstances are subject to frequent changes
- Maintaining your plan is crucial- what are your options?

## **P.A.L.M.S**

### ***Professional Advocates Lifetime Maintenance System***

**(see Form 12)**

# WRAP-UP POLL





# NEXT TRUST WORKSHOP WEBINAR

**July 2021-TBD**  
**Virtual? Indoors? Outdoors?**  
***12-1:30 pm***

Registration opening soon  
[www.pierrolaw.com/events](http://www.pierrolaw.com/events)

# FREE CONSULTATION



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## Thank you!