

REVOCAABLE vs. IRREVOCAABLE TRUST and TAX PLANNING



**BUCHMAN PROVINE
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- After graduating from the University of California, Davis (BA, 1990), Mr. Smith attended the University of the Pacific McGeorge School of Law with concentration in Business and Estate Planning. He graduated with distinction in 1994 and was awarded the American Jurisprudence Award in Business Planning and Development. Mr. Smith was admitted to the California Bar in 1994 and is admitted to practice in federal courts.
- Mr. Smith is a business, estate and real estate attorney whose practice includes:
 - Business, estate, probate and real estate litigation
 - Trust estate and tax planning, business planning and family succession planning.
 - General counsel to high net worth clients concerning family succession planning including serving clients as "Family Office" CEO.
 - Business and corporate transactions including entity formation and operation, business transactions, mergers and acquisitions and other business reorganizations.
 - Real estate transactions and counsel including commercial and residential purchase and sales, leases and options.
 - Trust, estate and probate administration
- Mr. Smith also serves as a mediator in disputes involving trusts and estates, business, real estate and corporate matters.
- Membership:
 - Business, Trust and Estates, Probate and Real Estate Sections of the Contra Costa County Bar Association
 - Solano County Bar Association
 - American Bar Association
 - State Bar of California
- Education:
 - McGeorge School of Law, University of the Pacific
 - University of California, Davis
- Practice Areas:
 - Asset Protection
 - Business Disputes
 - Business Transfers and Combinations
 - Charitable Giving
 - Commercial Transactions
 - Conservatorships
 - Financial Institutions
 - Formation and Governance
 - Health Care Directives
 - Ownership of Real Property
 - Powers of Attorney
 - Pre and Post-Marital Agreements
 - Probate
 - Real Estate Disputes
 - Special Needs Trusts
 - Succession Planning
 - Tax Planning
 - Trust Administration
 - Will Contests and Trust Disputes
 - Wills and Trusts

REVOCABLE PLANNING

- INCLUDED IN GROSS ESTATE
- GENERALLY FAMILY ESTATE PLANNING
- GRANTOR GENERALLY RETAINS CONTROL OF ASSETS

ESTATE PLANNING AFTER THE 2013 TAX REFORM ACT

- Estate Tax v. Income Tax

DOES THE ACT
KILL A/B/C
PLANNING?

- Less than \$10,000,000
- More than \$10,000,000

THE 2013 ACT AND ESTATE AND GIFT TAX LAWS

- ESTATE TAX EXEMPTION
- RATE
- GIFT TAX LAWS

GIFT AND ESTATE TAX LAW

TAXING TRANSFERS OF WEALTH

COMMON GIFT TAX EXCLUSIONS

- Annual Exclusion
- Marital Deduction
- Education/Medical

GIFT/ESTATE TAX EXCLUSION

- Unified Credit Exemption
- Marital Deduction
- Portability

INCOME TAX LAW

- Step-up in tax basis on “owned” assets at death of first spouse
- Double step-up in tax basis upon death of second spouse with proper planning
 - “Owned” assets are those that are includible in a decedent’s gross estate for tax purposes

PLANNING AFTER 2013 ACT

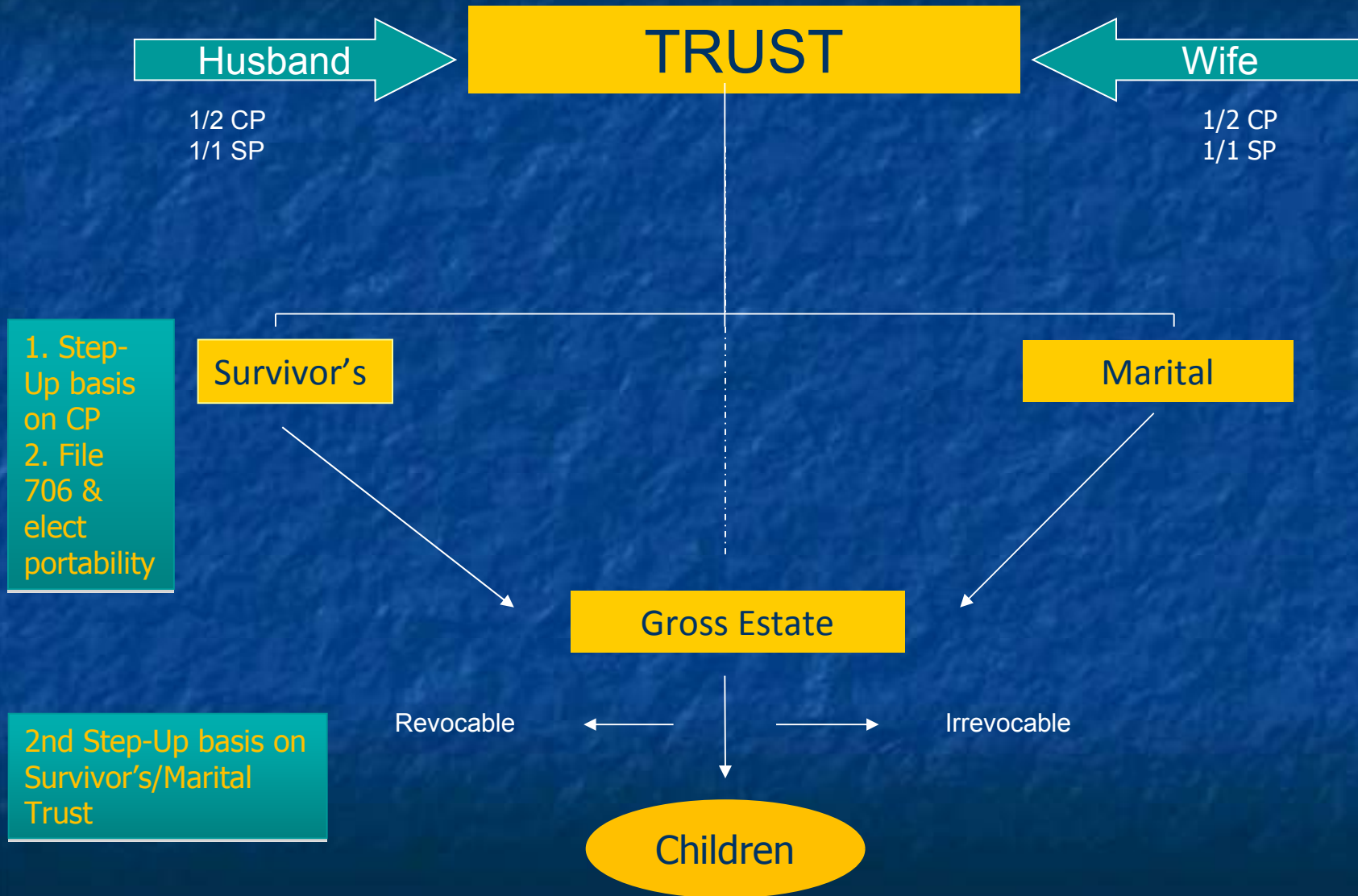
- FOCUS SHIFTS FOR ESTATES UNDER
\$10 MILLION FROM ESTATE TAX TO
INCOME TAX PLANNING

ESTATES UNDER \$10 MILLION

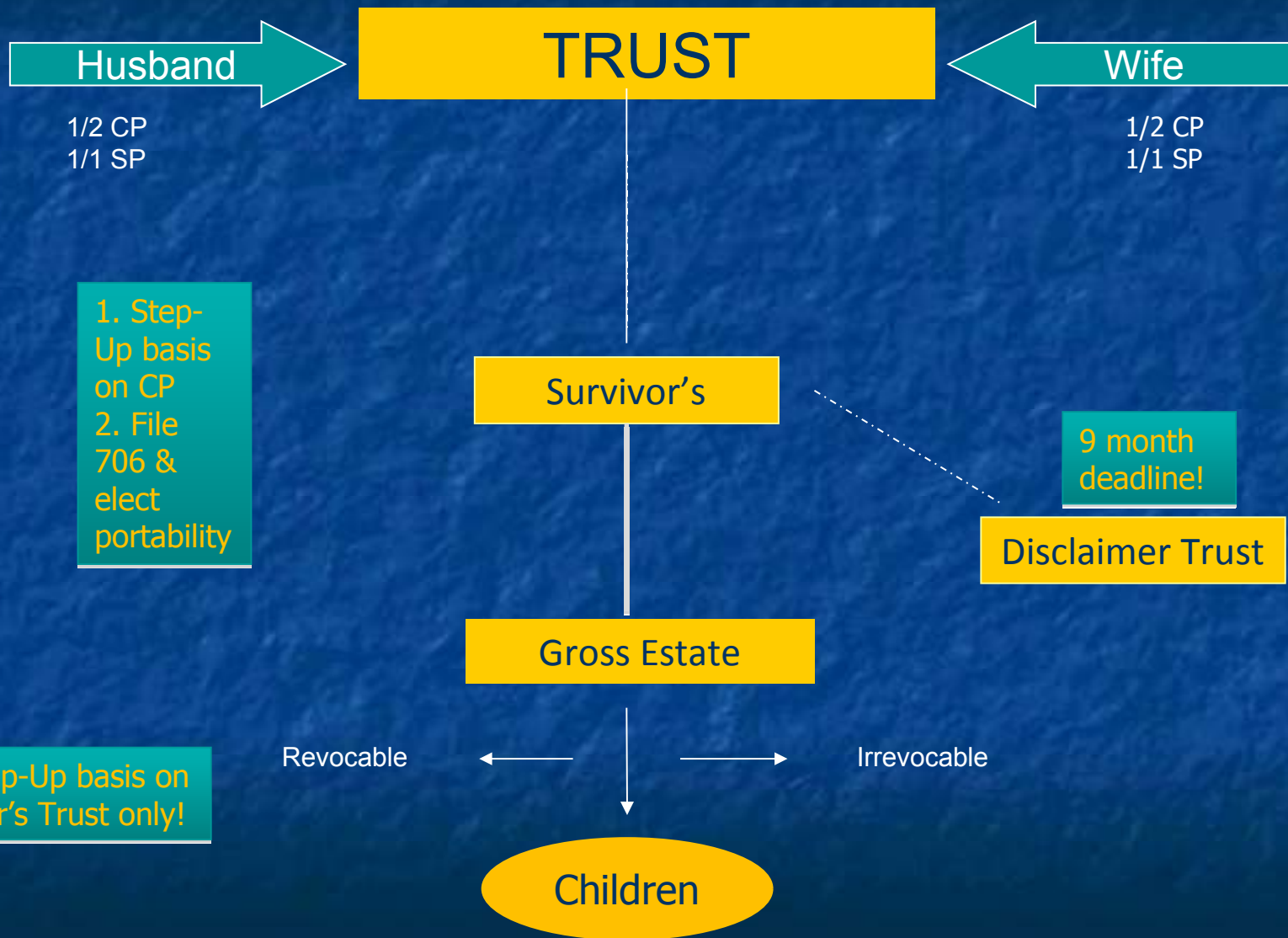
- SINGLE TRUSTS
 - DISCLAIMER TRUSTS (A PLAN)
- TWO TRUSTS
 - SURVIVOR'S & MARITAL TRUST (A/C PLAN)
- INCOME TAX FOCUS

THE A/C PLAN

Portability of Marital Deduction



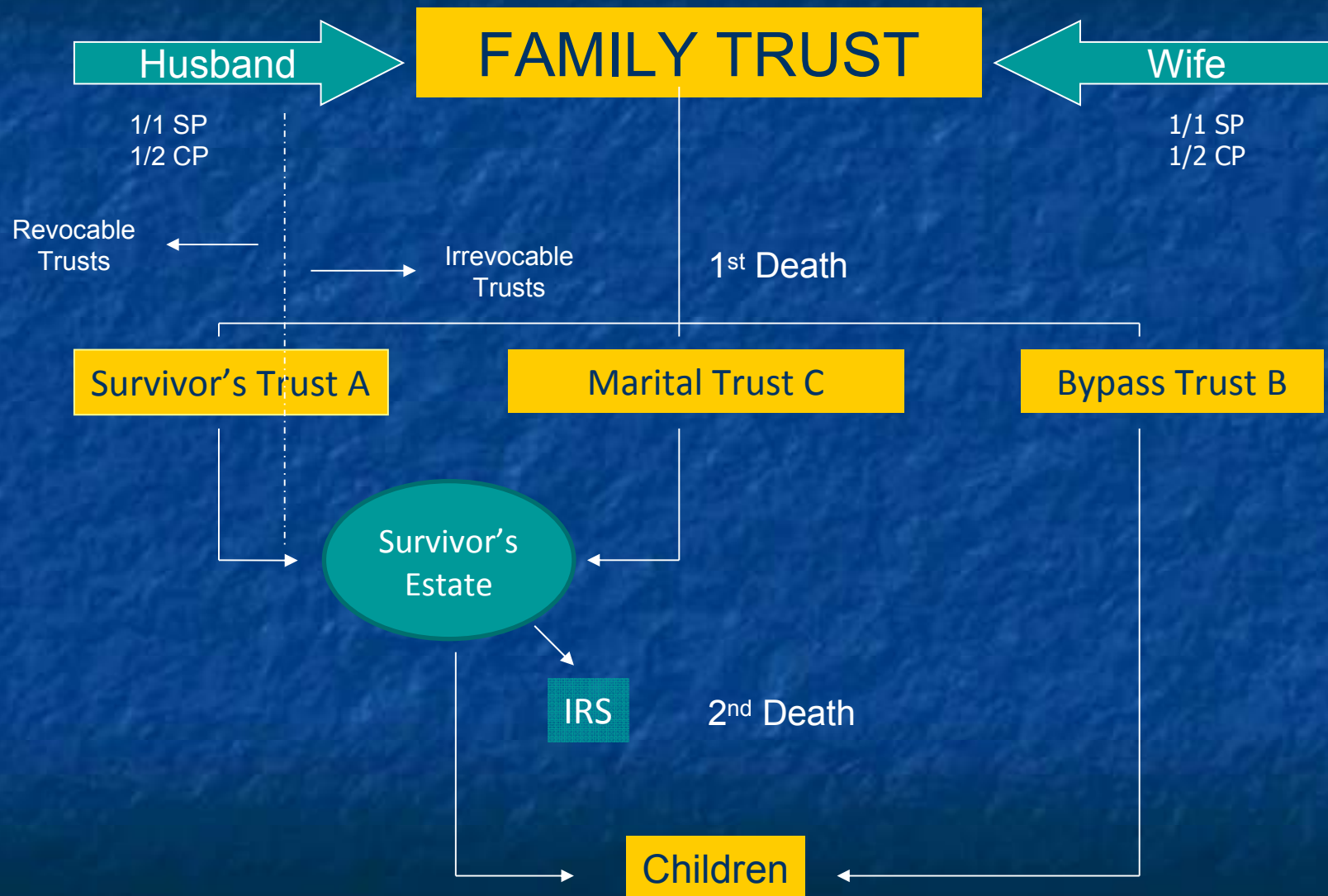
THE A PLAN



ESTATES OVER \$10 MILLION

- CONTINUED FOCUS ON ESTATE TAX SYSTEM
- A/B PLANNING
- A/B/C PLANNING
- NO SECOND STEP-UP ON BASIS (B Trust)

A/B/C PLAN



NEW TAX ACT PLANNING OPPORTUNITIES Irrevocable Planning

- BUSINESSES
- REAL ESTATE
- LIFE INSURANCE
- FINANCIAL ACCOUNTS

IRREVOCABLE PLANNING

- EXCLUDED FROM GROSS ESTATE
- GENERALLY LESS CONTROL OVER ASSETS
- ESTATE TAX PLANNING

IRREVOCABLE TRUSTS

- ILIT/SLAT – Irrevocable Life Insurance Trusts
- QPRT – Qualified Personal Residence (or second home) Trust
- Dynasty/GST Trusts and GST Exemption
 - Multi-generational planning
- Charitable Trusts
- IDGT – “Intentionally Defective Grantor Trusts”
 - Children’s Trusts

OUR CLIENTS

- Business Owners
- Real Estate Investors
- High Net Worth Individuals
- Life Insurance Portfolios
- Professionals
- Clients Requiring General Estate Plans

PRACTICE AREAS

- Business
- Real Estate
- Wealth Succession and Estate
- Tax
- Employment
- Business, Real Estate, Estate and Commercial Litigation