

Chapter 28. Generation Skipping Exemption Trust

In some cases, children have received or will receive more than enough wealth for their lifetime, and by leaving them additional property you'll just be increasing the Estate Tax they will pay. You may also wish to leave part of your estate directly to your grandchildren, as well as provide for future generations. The tax law allows each spouse to leave your Lifetime Estate Tax Exemption (2015 = \$5,430,000) directly to their grandchildren and to subsequent generations without incurring a second Estate Tax at your children's generation.

The Generation Skipping Exemption Trust can be used to accomplish this. This is the Trust that is commonly used to avoid Estate Taxes on inherited assets that your children would otherwise be leaving to your grandchildren.

	Without GST Trust	With GST Trust
Investment Value	\$1,000,000	\$1,000,000
Estate Tax - Your Death	<u>- 400,000</u>	<u>- 400,000</u>
	\$ 600,000	\$ 600,000
 Estate Tax - Your Child's Death	 <u>- 240,000</u>	 <u>-0-</u>
Net To Grandchildren	\$ 360,000	\$ 600,000

