

# New York Trust University



## **Spousal Lifetime Access Trust:**

Couple with substantial assets are aged 58 and 59 respectively.

They are very much concerned with the taxation of their substantial wealth at present and in the future on estate transfer.

They would like to accumulate money tax-free but municipal bonds are not the answer because of the low rate.

They expect she will outlive him, as wives usually do.

## **The Solution:**

The broker suggests a **Spousal Lifetime Access Trust** whereby the husband places \$1M, by using his lifetime gift exemption all at once, in a life insurance trust with the wife named as trustee.

Not only will this \$1M provide \$5.6M of life insurance but the cash value will grow tax-free at a rate much better than municipal; bonds or CD's and with no risk, such as stocks.

More importantly, the trustee (the wife) can access and cash value or principal for her maintenance while the husband is still living.

**REMEMBER:** This trust was set up for **her benefit** and while the husband is enjoined from ever touching the corpus of the trust, as that would disallow the tax benefits under IRS law, the wife IS the trustee and can access funds as necessary.

