

TUCKER ELLIS LLP

The Dynasty Trust: An excellent technique to transfer wealth to multiple generations



By Bill Beseth

You have worked hard to create wealth by growing a business, making smart real estate investments, investing in the stock market, and/or saving for retirement. You want to ensure that your hard-earned wealth will benefit your family for generations to come. At the same time, you desire to minimize estate and gift taxes, maintain privacy, and protect the assets for your beneficiaries. A Dynasty Trust is a powerful tool to accomplish all of these aspirations and more.

Under Ohio law, a Dynasty Trust can continue in perpetuity, effectively allowing you to create a lasting family legacy. A Dynasty Trust allows you to control how your wealth is managed and distributed to the beneficiaries for generations. Distributions can be

made to beneficiaries for the reasons and purposes determined by you, and any undistributed amounts can remain in the trust to grow. With a Dynasty Trust, you can limit the beneficiaries to only your descendants and prevent trust assets from going to others. However, you may also provide flexibility to each generation regarding the continuation of the trust for the next generation. As an additional benefit, if the assets remain in the trust, they can be protected from a beneficiary's creditors.

With respect to the management of trust assets, you can permit a beneficiary to act as the trustee of the beneficiary's respective trust. If beneficial, you may name an investment advisor to oversee the investment of trust assets, a business trustee to operate a business owned in the trust, and/or a professional trustee to assist in administering the trust. You can provide guidelines for the management of complex assets, such as a

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family business.

A Dynasty Trust can provide estate tax savings for multiple generations, regardless of the growth of the assets or duration of the trust, and be used to avoid probate. A revocable Dynasty Trust can be held for you and your spouse's benefit with the provisions for the next generation taking effect at the surviving spouse's death. You can also establish an irrevocable Dynasty Trust and make lifetime gifts. Now is an excellent time to do so. In 2020, the total amount you can transfer es-

tate/gift tax free is \$11,580,000, but is scheduled to be significantly reduced on December 31, 2025.

With so much at stake, it is important to consult with an experienced attorney to help design the best plan that preserves and protects your family's wealth.

Bill Beseth is an attorney at Tucker Ellis LLP in Cleveland. He focuses his practice in the areas of estate planning, probate and trust administration, and fiduciary and probate litigation. An Accredited Estate Planner® certified by the National Association of Estate Planners & Councils (NAEPC), Bill is a trusted advisor to individuals, families, and business owners helping them establish effective and dynamic estate plans with the goal of maximizing wealth during one's lifetime and for future generations. He has been selected by his peers for inclusion in The Best Lawyers in America® for 2021.