



SLATs offer opportunity to save on estate taxes

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It is easy to postpone (or even ignore) estate tax planning after the increase of the federal estate and gift tax exemption amount under the Tax Cuts and Jobs Act of 2017. The exemption increased from \$5.49 million to \$11.18 million. However, with the recent correction in the market and the temporary high exemption amounts, which are scheduled to expire after 2025, now may be the best time to implement estate tax planning strategies that preserve wealth and save significant amounts of estate taxes. Under these conditions, inaction may prove to be a missed opportunity.

A Spousal Lifetime Access Trust allows assets to be held in trust for a spouse while the property grows estate tax-free for the benefit of children



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and later generations. The spouse, as beneficiary, is permitted to receive income and principal for certain purposes, such as health, support and maintenance. If desired, children



and later generations may also be permissible recipients of income and/or principal.

The spouse may also serve as trustee, allowing the spouse to control investment decisions and when

distributions are made. Although the trust agreement must be irrevocable — as in, it cannot be amended, the spouse may be given the right to alter how property is distributed upon the spouse's death, which may include decisions on the manner and amounts that children or later generations will inherit.

If structured and administered properly, property transferred to a SLAT, including the growth, will not be included in either spouse's taxable estates upon death. The SLAT will also provide leverage against the impending reduction of the estate tax exemption after 2025, and potential further reduction as a result of an unpredictable future political climate.

As is the case with most estate tax planning strategies, transferring property that is anticipated to appreciate will provide families with the most bang for their buck. In addition to the tax benefits, property held in a SLAT may



be protected from the creditors of either spouse. All of this is coupled with the fact that property transferred to a SLAT remains available for the spouse's benefit if needed.

For married individuals, SLATs are a flexible estate tax planning tool that can save a family millions of dollars while providing a high level of asset protection and permitting a spouse to control and benefit from the property. Given the current market and

high exemption amounts, creating a SLAT is an opportunity worth taking advantage of.

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