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TAX AND WEALTH ADVISOR ALERT: QUALIFIED PERSONAL RESIDENCE TRUSTS – A PLANNING TECHNIQUE TO SAVE THE FAMILY HOME FROM ESTATE TAXES

A Qualified Personal Residence Trust (QPRT) allows a homeowner to transfer their personal residence to a trust for a specified period of time, after which the residence is transferred back to the homeowner or to a designated beneficiary. QPRTs are often used as a tax-saving strategy for homeowners who want to reduce the value of their estate for estate tax purposes.

One of the main benefits of a QPRT is the ability to remove the value of a personal residence from the homeowner's estate. By transferring the residence to a trust for a specified period of time, the homeowner is able to reduce the value of their estate and, as a result, reduce the amount of estate taxes that will be due upon their death.

Another benefit of a QPRT is the ability to maintain the use of the residence during the term of the trust. The homeowner can continue to live in the residence and pay a reduced rent to the trust for the use of the residence. This allows the homeowner to continue to enjoy the residence while also reducing the value of their estate. QPRTs are subject to certain rules and limitations, such as a requirement that the term of the trust cannot exceed the life expectancy of the homeowner and that the fair market rent must be paid to the trust for the use of the residence.

Overall, a QPRT can be a useful tool for homeowners looking to reduce the value of their estate for estate tax purposes while also maintaining the use of their personal residence.