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SPOUSAL LIFETIME ACCESS TRUSTS, A POWERFUL ESTATE PLANNING TOOL FOR COMPLEX ESTATES

The Spousal Lifetime Access Trust (SLAT) is a type of irrevocable trust that allows married couples to transfer assets to their spouse and other family members while removing those assets from their combined estates. This type of trust can help high net worth individuals take advantage of the federal lifetime gift and estate tax exclusion, which is currently $12.92 million per person in 2023, or $25.84 million per married couple, while still retaining limited access to the assets, if needed.

A SLAT is created by one spouse (the "donor" spouse) gifting property to an irrevocable trust for the benefit of the other spouse (the "non-donor" spouse). The non-donor spouse is the primary beneficiary of the trust and can request distributions from the trustee, if needed, during their lifetime. However, most advisors recommend that the non-donor spouse not request distributions from the SLAT unless it is absolutely necessary to maintain their accustomed standard of living.

The donor's transfer of assets to the SLAT is considered a taxable gift, but gift tax may not be owed if the donor utilizes their Federal gift and estate tax exclusion. The assets and any future appreciation is removed from the donor's taxable estate and the trust is excluded from the non-donor's taxable estate as well.

A SLAT can offer many benefits such as:

- Allows married couples to reduce the size of their estate while retaining limited access to the assets.
- Allows the donor to indirectly benefit from the property gifted to the trust, as long as the non-donor spouse is living and remains married to the donor.
- The non-donor spouse can request distributions from the trustee of the trust to maintain their accustomed standard of living.
- Appreciation of the assets outside the donor's estate for the benefit of their descendants.

SLATs are a sophisticated estate planning tool and should be created with the assistance of a qualified attorney. They can provide significant benefits to married couples looking to

transfer wealth to the next generation while still retaining access to the assets.