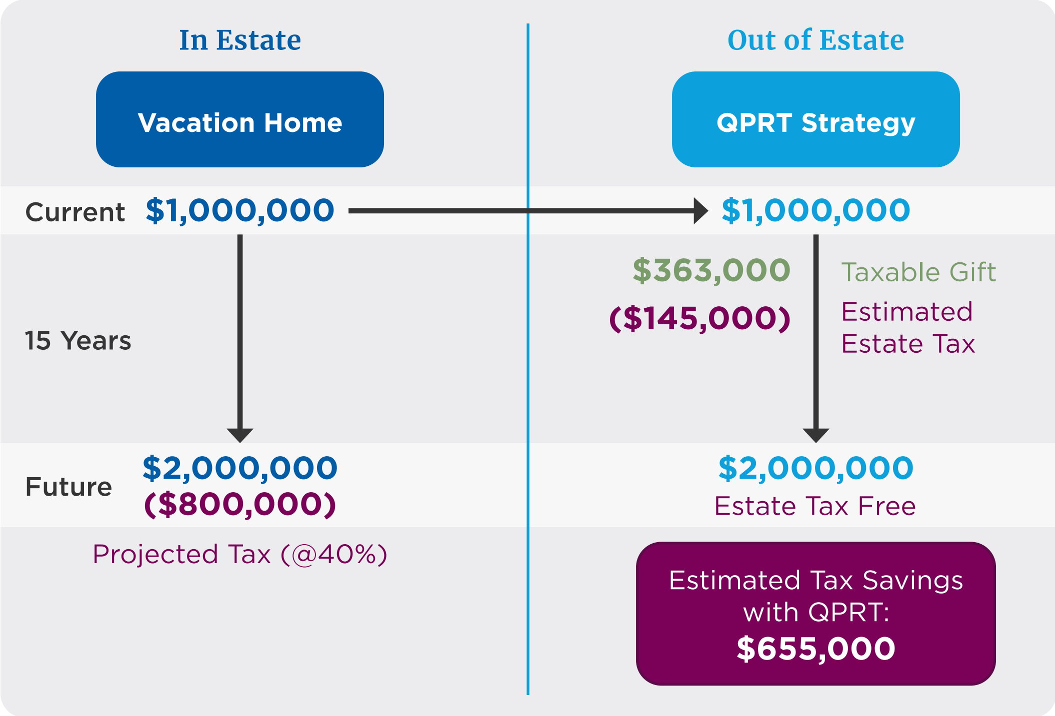
Mariner WEALTH ADVISORS

Trusts Offering a Silver Lining in a High Interest Rate Climate

Given the current high interest rate environment, you may be wondering whether there are strategies you can employ to create a more efficient estate plan. Two "silver lining" strategies to consider are a qualified personal residence trust (QPRT) and a charitable remainder trust (CRT).

When Does a QPRT Make Sense?

If you have a second home or vacation property that's been in your family for generations, and you would like to transfer that home to your children or grandchildren, then a QPRT offers a way to do that in a tax-efficient manner. See the illustrations below that show a $1 million residence projected to be worth more than $2 million that has been transferred out of an individual's estate as a "taxable" gift for $363,000 using a QPRT (versus giving it to children or grandchildren as an outright gift for $1 million). If this same gift had been made in December of 2020 (as the table at the top of page 2 shows), it would have generated a taxable gift of $565,000 as opposed to the lower gift of $363,606. Note the estimated tax savings of $655,000 as a result of using the QPRT to transfer your residence to a beneficiary.



$1 Million Residence Transferred Out of an Estate

Property Value	QPRT Date	§7520 Rate	Grantor's Age	Term	Gift Tax Rate	Taxable Value of Gift
$1,000,000	6/1/22	**3.6**	65	15	35	**$363,606**
$1,000,000	12/31/20	**0.6**	65	15	35	**$565,012**
$1,000,000	12/31/21	**1.6**	65	15	35	**$487,104**

Charts are hypothetical, for illustrative purposes only.

CRTs Offer Multiple Tax Benefits

How CRTs Work

A CRT is an alternative to giving assets directly to a charity. A CRT is a "split interest" giving vehicle that allows you to create and fund the trust and be eligible for an income tax deduction based on the CRT's assets that will pass to charitable beneficiaries.

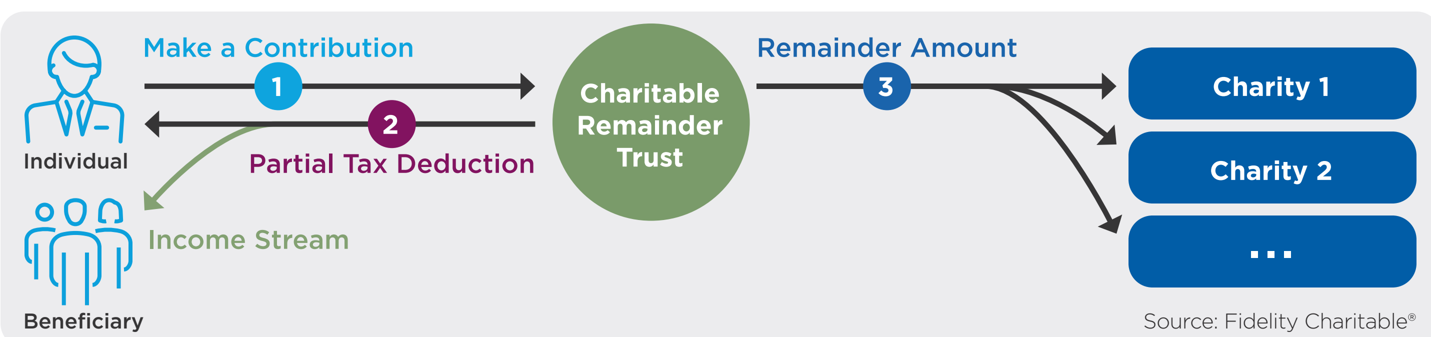
You can name yourself or someone else to receive an income stream for a term of years (no more than 20) or for the life of one or more individuals, and then name one or more charities to receive the remainder of the donated assets when the trust terminates.

CRTs are a great way to diversify a concentrated, low-basis asset, such as a concentrated block of stock that has appreciated substantially since you bought it or real estate that has significantly appreciated. A CRT allows you to avoid the unrealized capital gains while keeping an income stream for life or a period of years.

When you create a CRT, it generates a charitable income tax deduction for you on your Form 1040. Because of the higher interest rates, charitable income tax deductions now are also higher.

Consult With Your Wealth Team

At Mariner Wealth Advisors, your advisor can consult with our in-house estate planning and trust services team to help design trusts for you such as the QPRT and CRT to ensure your wealth plan is as tax efficient as possible.



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