INGs and Spousal Lifetime Access Non-Grantor Trusts (SLANTs) – Not Just for State Income Tax Avoidance: How "INGs" and "SLANTs" Can Save State Income Taxes and Why Tax Reform Makes Them Even More Powerful

Incomplete Gift, Non-Grantor Trusts ("INGs") have been steadily increasing in use. The reduction in deduction for state and local income taxes (SALT) and continuingly favorable court decisions will only make them more so. Additionally, the doubling of the estate/gift/GST exemption, greater tax shifting opportunities, the de facto elimination of the charitable deduction for many and the new 20% deduction for qualified business income may also cause an increase in the use of completed gift *non-grantor* trusts (when's the last time you considered one of those!).

While INGs and SLANTs sound simple on the surface, the "devil is in the details" and they have deeper, more complex issues that need to be addressed if they are to be utilized properly. In this session, Ed will cover:

The unique ING trust structure approved in the key PLRs, including the most recent favorable rulings involving the preservation of community property and inclusion of charitable beneficiaries.

Which states are best for using INGs and SLANTs to avoid state income tax.

Overlooked design options to legitimately avoid some state trust residency and throwback rules.

How some states' "source income" rules apply, regardless of a taxpayer's residency and how to avoid state income tax for most clients' most likely largest taxable event – the sale of a closely held business or pass through entities holding real estate and business interests (material includes a 50-state chart which not only includes the simpler trust residency rules, but also the more varied and complex source income rules applicable to sales of intangibles and entities).

The overlooked federal income tax benefits possible with such trusts, such as avoiding the 3.8% surtax applicable to passive business owner income, as well as income tax shifting, exploitation of more favorable charitable deductions, small business stock exclusion, the new Section 199A qualified business income deduction.

What part of INGs is clearly supported in the tax code, regulations or other substantial authority - and what is not? Are they riskier than SLANTs?

Common administration traps that might trip up non-grantor trust status.

How to exploit regulations to trap capital gains inside the trust for tax purposes, even if they are distributed as a practical matter (and how ESBTs can trap non-capital gains income in trust even if income is distributed)

Traps and opportunities with loans, investments and purchases to and from DINGs and NINGs.

Blocker trusts in light of new 643 regulations.

Why politicians love INGs and how they can use them to exploit a little-known new tax code section buried deep within the PATH Act!

How to defer gains via installment sales to INGs at least two years prior to sale of a business.

Importance of considering non-traditional trustee/advisor/protector location for nexus.

Quick overview of the state of Constitutional litigation defeating state tax dept overreach – how the Supreme Court's granting of cert and ultimate decision in *Kaestner* could affect California (or not).

How using INGs in conjunction with charitable remainder unitrusts (CRUTs) will often be much more tax efficient than ordinary CRUTs (and why you need to know how to avoid the unrelated business income tax or "UBIT" rules).