

Maximizing Wealth with Irrevocable Grantor Trusts: Key Benefits and Strategies

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I love irrevocable trusts. Irrevocable trusts, especially irrevocable grantor trusts, can provide three methods of estate planning.

One: You're removing assets from your estate, possibly at a discounted valuation, if we're utilizing that particular strategy.

Two: It can provide a freeze to the estate value because the future growth, after you've transferred that is, is never going to be in the estate, so you're never going to see an estate tax in that future growth.

Three: For a grantor irrevocable trust, typically the grantor is going to continue to pay the income taxes on the income that that trust is generating. Now it may not seem like a good deal for the grantor but for someone who has a significant amount of wealth, that continuing payment of tax ultimately reduces their estate because it's an expense but the IRS doesn't treat it as a gift.

That triple whammy is one of the things I like or three of the things I like about irrevocable grantor trust. In addition, drafting of the trust itself, you can provide certain types of flexibility that other trusts may or may not provide.

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