

*If you have any questions  
about this Advisory, please  
click below to contact:*

MICHAEL T. CLEAR  
VERONICA R.S. BAUER  
ROBERT W. BENJAMIN  
DANIEL L. DANIELS  
HELEN C. HEINTZ  
DAVID W. KESNER  
LEONARD LEADER  
VANESSA L. MACZKO  
RANI NEWMAN MATHURA  
ERIN D. NICHOLLS  
CAROLYN A. REERS  
MATTHEW E. SMITH  
KATERYNA BAKHNAK  
MARY MARGARET COLLEARY  
RUTH FORTUNE  
MI-HAE K. RUSSO  
MARISSA A. O'LOUGHLIN  
KAITLYN A. PACELLI  
ANDREW S. PHILBIN  
BETH A. SCHARPF

*This publication is a summary of  
legal principles. Nothing in this  
article constitutes legal advice,  
which can only be obtained as a  
result of a personal consultation  
with an attorney. The information  
published here is believed  
accurate at the time of publication,  
but is subject to change and does  
not purport to be a complete  
statement of all relevant issues.*

## DYNASTY TRUSTS

An effective way to pass wealth to future generations is through the use of a Dynasty Trust. A Dynasty Trust (sometimes also referred to as a Generation-Skipping Trust), is an irrevocable trust that continues for as long as the applicable state law allows. In addition to using your federal gift tax exemption to fund a Dynasty Trust, this strategy utilizes your federal generation-skipping transfer (GST) tax exemption as well. The GST tax is imposed whenever a generation is skipped and property is passed to a later generation.

When properly administered, a Dynasty Trust can benefit several generations while continuing to shield the trust assets and all growth from gift, estate and GST taxes for the entire duration of the trust. In Connecticut, the maximum period of the trust is 800 years; in Florida, 360 years; and in New York, roughly the lifetimes of two generations.

The grantor will ideally fund the trust with assets that are likely to appreciate in value over time. The gifted amount is removed from the grantor's estate, is exempt from future GST tax, and is not included in the estates of the grantor's children and future generations. Thus, this structure allows the trust to grow entirely transfer tax-free for multiple generations. A Dynasty Trust can also be an effective tool for clients to protect the trust assets from creditors and/or divorcing spouses of the beneficiaries. Note that a Spousal Lifetime Access Trust (SLAT) is often also a Dynasty Trust ([click here](#) for information on SLATs). An attractive feature of a Dynasty Trust is that it would lock in today's all-time high transfer tax exemptions for decades (or even centuries) to come.