

Understanding Obscure Trusts

What every trust company should consider before taking the leap into administering some of the less well-known trusts.

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Introduction

- As corporate fiduciaries look to evolve their business and increase revenue, some look to offer less well-known areas of trust administration.
- Beware, the economic benefits of engaging in obscure trusts might not outweigh the headaches that ensue.
- It is wise to understand some of the pitfalls that you might run into if you decide to dabble in this business.

Introduction (Continued)

Types of trusts to be discussed

- Pet Trusts
- Land Trusts
- Qualified Settlement Fund Trusts (QSFs)
- Life Insurance Trusts (ILITs)
- Rabbi Trusts
- Pre-need and Cemetery Trusts

Pet Trusts

Pet Trusts

- State laws
- How much is too much?
 - Matter of Abels
 - Matter of Helmsley
 - Matter of Duke
- Which pets are the beneficiaries?
- Who will care for the pet?
- Personal Examples of the good and the bad

Land Trusts

Land Trusts

- The basics
- State laws
- Issues with serving as Land Trust Trustee
 - Case 1
 - Case 2
- Trustee Fees
- Incapacitation
- Refinancing
- Trustee Resignation

Qualified Settlement Fund Trusts

Qualified Settlement Fund Trusts (QSFs)

- The basics
- Issues with serving as QSF trust or fund administrator
 - Tax reporting
 - Paybacks
 - Clawbacks
 - Structured settlements

Irrevocable Life Insurance Trusts

Irrevocable Life Insurance Trusts (ILITS)

- The basics
 - Pre-acceptance and annual reviews
 - Gifting notices
 - Crummy notices
 - Insurance premium monitoring
 - Track 5x5 hanging powers
- What happens when the grantor decides to no longer gift the premium payments to the trust?

Rabbi Trusts

Rabbi Trusts

- The basics
 - Background
 - I.R.S. P.L.R. 8113107, 1980
 - I.R.S. Revenue Procedure 92-64, 1992
 - I.R.S. Notice 2000-56, 2000
- What to watch out for when administering a rabbi trust
 - Master Trust / Sub Accounting
 - Insolvency or Employer
 - Taxation

Pre-need Funeral and Cemetery Trusts

Pre-need Funeral and Cemetery Trusts

- The basics
- Pre-need funeral trusts
- Cemetery trusts
 - Endowment or perpetual care trusts
 - Service merchandise trusts
- Downside to administration of these trusts
 - Reporting
 - Recordkeeping
 - Reputational risk