

Leading States for Trust



Alaska

- **Directed Trusts.** Allows for directed trusts. First state to allow for the ability to separate responsibility for different trustee duties to different trustees.
- **Dynasty or Perpetual Trusts.** Repealed the common law Rule Against Perpetuities in 1997, allowing Alaska trusts to last forever (or 1000 years for a trust created by a Power of Appointment).
- **Income Tax Savings.** No state income tax or capital gains tax (nor any estate or gift tax). Many of the Incomplete Non-Grantor (ING) trust Private Letter Rulings involved Alaska law.
- **Self-Settled Trusts.** First state to allow self-settled trusts in 1997. Has a four-year look-back period for fraudulent conveyance. Only state that defines a "pre-existing creditor" by statute.
- **Decanting.** Excellent decanting laws, providing for flexibility to modify or add trust provisions (including extending the duration of a trust).
- **Private Placement Life Insurance.** Popular state for trusts and LLCs holding Private Placement Life Insurance, with one of the lowest insurance premium tax rates in the nation (2.7% on first \$100,000 of premium; 0.08% on premiums amounts in excess of \$100,000).
- **Opt-In Community Property Regime.** Alaska has an opt-in community property regime allowing couples to use a Community Property Trust to provide unique tax savings related to marital assets at death of the first spouse.
- **Excellent LLC and LP Statutes.** Alaska has excellent LLC and LP statutes.



Nevada

- **Directed Trusts.** Allows for directed trusts by statute. Nevada law relieves directed trustees from responsibility for the actions of the advisor with discretion under the trust agreement.
- **Delegated Trusts.** Nevada statutes allow trustees to delegate trustee duties, such as investment management duties, to non-trustee advisors.
- **Dynasty or Perpetual Trusts.** In 2005, the Legislature enacted a statute that repealed the common law Rule Against Perpetuities and allows Nevada trusts to last for 365 years.
- **Income Tax Savings.** No state income tax or capital gains tax (nor any estate or gift tax). Nevada also has a constitutional prohibition against a personal income tax.
- **Incomplete Non-Grantor Trusts (INGs).** Nevada law has more private letter rulings related to Incomplete Non-Grantor (ING) trusts than any other state.
- **Self-Settled Trusts.** Has permitted self-settled trusts since 1999. Has a two-year look-back period for fraudulent conveyance, unless the transfer is published, in which case this can be reduced to six months.
- **Decanting.** Has some of the most flexible decanting statutes, which provides for an effective means to modify trust provisions to accommodate changing family needs, changing tax laws or outdated trust provisions.
- **Excellent LLC and LP Statutes.** Nevada has some of the most flexible LLC statutes with robust protections and privacy.



Delaware

- **Directed Trusts.** Allows for directed trusts.
- **Dynasty or Perpetual Trusts.** One of the first states to repeal the common law Rule Against Perpetuities. Assets can remain in Delaware trusts indefinitely with the exception of real estate which is limited to 110 years.
- **Income Tax Savings.** No state income tax or capital gains tax on Delaware trusts with non-resident beneficiaries (nor any estate or gift tax). Popular state for Incomplete Non-Grantor (ING) trusts.
- **Self-Settled Asset Protection Trusts.** Has permitted self-settled trusts since 1997. Has a four-year look-back period for fraudulent conveyance.
- **Decanting.** Excellent decanting laws, providing for flexibility to modify or add trust provisions (including extending the duration of a trust).
- **Private Placement Life Insurance.** Top state for trusts and LLCs holding Private Placement Life Insurance; only state with no tax on insurance premiums over \$100,000 (2.0% on first \$100,000 of premium; 0.0% on premiums amounts in excess of \$100,000).
- **Excellent LLC and LP Statutes.** Delaware is the most popular state to for LLCs because of its strong reputation for being business friendly and offering increased protection for owners.
- **Nationally Renown Courts.** The Delaware Court of Chancery is known for its experience in fiduciary matters and its generally expeditious handling of trust issues.