

Contents

PART I ESTATE PLANNING: A PRACTICE-ORIENTED APPROACH

CHAPTER 1	HOW TO USE THIS BOOK	1-1
1.1	Locating the Proper Form and Use of Accompanying Materials	1-1
1.2	The Three Major Will and Trust Forms Headings	1-1
1.3	Wills as Primary Testamentary Instruments — Five Categories	1-2
1.4	Revocable (Living) Trusts and Pour-Over Wills (Part VII) — Five Categories	1-3
1.5	Irrevocable Trusts (Part VIII) — Five Categories	1-3
1.6	Alternative Forms and Clauses	1-4
1.7	Maryland Estate Tax Considerations	1-4
1.8	Summary	1-4
CHAPTER 2	ESTATE PLANNING: ESSENTIAL OBJECTIVES	2-1
2.1	The Essential Estate Planning Objectives: Disposition of Assets and Tax Avoidance	2-1
2.1.1	Dispositive Estate Planning	2-1
2.1.2	Estate Tax Planning	2-2
2.2	Initiating the Estate Planning Process: Strategies and Recommendations	2-2
2.2.1	Coordinating the Different Segments	2-2
2.2.2	Initial Client Contact: Objectives	2-3
	*Form 2-1: Letter to Client Following Initial Client Contact — to Accompany Estate Planning Questionnaire — for Married Client	2-4
	*Form 2-2: Estate Planning Questionnaire — for Married Client	2-4
	*Form 2-2A: Estate Planning Questionnaire — for Single Client	2-12
2.2.3	Effective Gathering of Client Information: The Client Estate Planning Questionnaire	2-17
2.2.3.1	Family Information	2-17
2.2.3.2	Assets and Liabilities	2-17
2.2.4	Initial Client Meeting	2-18
2.2.4.1	Information Gathering	2-18
2.2.4.2	Dispositive Goals	2-19
2.2.4.3	Selection of Fiduciaries and Guardians	2-19
2.2.4.4	Wills vs. Probate Substitutes	2-19

CONTENTS

	*Form 2-3: Memorandum to Client Re: Advantages and Disadvantages of Revocable Trusts vis-à-vis Wills in Maryland	2-20
	2.2.4.5 Powers of Attorney	2-22
2.3	Nature and Scope of the Estate Planning Engagement and Attorney's Fee	2-22
2.3.1	Discussing the Engagement and Fee	2-22
	*Form 2-4: Engagement/Fee Letter with Dual Representation Provisions	2-23
2.3.2	Establishing the Fee	2-25
2.3.3	Ethical Issues in Representing Spouses	2-25
2.4	Cover Letters to Clients Enclosing Draft Documents	2-26
 PART II SIMPLE WILLS: FOR MARRIED COUPLES WITH COMBINED ESTATES NOT EXCEEDING LIFETIME ESTATE TAX EXEMPTION Overview of Part II: When to Use Simple Wills		
 CHAPTER 3 SIMPLE WILLS FOR MARRIED COUPLES WITH ADULT CHILDREN		
3.1	Overview	3-1
3.1.1	Overall Summary of Dispositive Provisions for Wills in Category	3-1
3.2	Pure "Sweetheart" Wills — Outright to Spouse	3-2
3.2.1	Summary of Dispositive Provisions	3-2
3.2.2	When to Use These Wills	3-2
3.2.3	Estate Tax Consequences	3-3
3.2.4	Forms for Simple "Sweetheart" Wills	3-3
	*Form SW-1H: Outright Gift of Residuary Estate to Spouse, if Surviving; if Not, Outright to Adult Children	3-3
	Form SW-1W: Companion Will to SW-1H	3-3
3.2.5	Key Action Subjects for Strategic Planning	3-9
3.3	"Sweetheart"/Trust Wills — to Spouse in Trust without Tax Planning	3-9
3.3.1	Overall Summary of Dispositive Provisions	3-10
3.3.2	Terms of Marital Trusts — How They Work	3-10
3.3.3	When to Use These Wills	3-11
3.3.4	Comparison of Marital/QTIP vs. Marital/Power of Appointment (POA) Trust	3-11
	3.3.4.1 Marital/QTIP Trust	3-11
	3.3.4.2 Marital/POA Trust	3-12
3.3.5	Estate Tax Consequences	3-13

CONTENTS

3.3.6	Forms for “Sweetheart Trust” Wills	3-13
	Form SW-2H: Husband with Adult Children: Gift of Residuary Estate to Marital (QTIP) Trust, if Spouse Does Not Survive, Outright to Adult Children	3-13
	Form SW-2W: Companion Will to SW-2H.	3-13
	Form SW-3H: Husband with Adult Children: Gift of Residuary Estate to Marital POA Trust, Remainder to Distributees Appointed by Surviving Spouse; upon Failure to Exercise Power Remainder to Adult Children; if Spouse Does Not Survive, Outright to Adult Children	3-13
	Form SW-3W: Companion Will to SW-3H.	3-13
	*Form SW-2/3: Template Simple Will Form for Testator with Adult Children with Alternative Dispositive Provisions for Marital Trust (QTIP or POA)	3-13
3.3.7	Key Action Subjects for Strategic Planning	3-26
3.4	Wills Disposing Property Outright to Children (No Provision for Spouse)	3-27
3.4.1	Summary of Dispositive Provisions	3-27
3.4.2	When to Use These Wills	3-27
3.4.3	Caution: Spouse’s Right of Election in Maryland.	3-27
3.4.4	Will Forms for Outright Disposition to Children	3-28
	*Form SW-4H: Male Testator with Adult Children Whose Spouse Has Either Predeceased Him or Is Not to be Left Anything under Will: Outright Gift of Residuary Estate to Adult Children	3-28
	Form SW-4W: Companion Will to SW-4H.	3-28
3.4.5	Key Action Subjects for Strategic Planning	3-33
CHAPTER 4	SIMPLE WILLS FOR MARRIED COUPLES WITH MINOR CHILDREN	4-1
4.1	Overview	4-1
4.1.1	Overall Summary of Dispositive Provisions for Wills in Category	4-1
4.2	Pure “Sweetheart” Wills — to Spouse Outright, with Contingent Trusts for Children	4-2
4.2.1	Summary of Dispositive Provisions	4-3
4.2.2	Distribution of Separate Children’s Trusts	4-3
4.2.3	Distribution of Pot Trust for Children.	4-3
4.2.4	When to Use These Wills	4-4
4.2.5	Estate Tax Consequences	4-4

CONTENTS

4.2.6	Forms for “Sweetheart” Wills with Contingent Trusts for Children	4-5
	Form SW-5H: Husband with Minor Children: Outright Gift of Residuary Estate to Spouse, if Surviving; if Not, to Separate Trusts for Children — Complete Distribution at Age 30	4-5
	Form SW-5W: Companion Will to SW-5H.	4-5
	Form SW-6H: Outright Gift of Residuary Estate to Spouse, if Surviving; if Not, to Pot Trust for Children — until Youngest Child Attains Age of 25	4-5
	Form SW-6W: Companion Will to SW-6H.	4-5
	*Form SW-5/6: Template Simple Will Form for Testator with Minor Children with Alternative Dispositive Provisions for Children’s Trusts (Separate Trusts or Pot Trust) . . .	4-5
4.2.7	Key Action Subjects for Strategic Planning	4-17
4.3	Sweetheart Trust Wills — to Spouse in Trust with Contingent Trusts for Children	4-18
4.3.1	Summary of Dispositive Provisions	4-18
4.3.2	Dispositive Terms of Marital Trusts	4-19
4.3.3	Distribution Alternatives for Children’s Trusts	4-20
4.3.4	When to Use These Wills	4-20
4.3.5	Comparison of Marital/QTIP vs. Marital/POA Trust	4-21
4.3.6	Estate Tax Consequences	4-21
4.3.7	Forms for “Sweetheart Trust” Wills with Children’s Trusts . .	4-21
	Form SW-7H: Husband with Minor Children: Gift of Residuary Estate to Marital (QTIP) Trust, Remainder (or Entire Estate if Spouse Does Not Survive) to Separate Trusts for Children — Complete Distribution at Age 30.	4-21
	Form SW-7W: Companion Will to SW-7H.	4-21
	Form SW-8H: Husband with Minor Children: Gift of Residuary Estate to Marital (QTIP) Trust, Remainder (or Entire Estate if Spouse Does Not Survive) to Pot Trust for Children — Complete Distribution when Youngest Child Attains Age 25; if Spouse Does Not Survive, to Children’s Pot Trust	4-22
	Form SW-8W: Companion Will to SW-8H.	4-22
	Form SW-9H: Husband with Minor Children: Gift of Residuary Estate to Marital Power of Appointment Trust for Benefit of Spouse	

CONTENTS

	for Life, Remainder to Distributees Appointed by Surviving Spouse; upon Failure to Exercise Power, Remainder to Children in Separate Trusts — Complete Distribution at Age 30; if Spouse Does Not Survive, to Separate Trusts for Children — Complete Distribution at Age 30.	4-22
Form SW-9W:	Companion Will to SW-9H.	4-22
Form SW-10H:	Husband with Minor Children: Gift of Residuary Estate to Marital Power of Appointment Trust for Benefit of Wife for Life, Remainder to Distributees Appointed by Surviving Spouse; upon Failure to Exercise Power, Remainder to Children in Pot Trust until Youngest Child Attains Age 25; if Wife Does Not Survive, to Pot Trust until Youngest Child Attains Age 25.	4-22
Form SW-10W:	Companion Will to SW-10H.	4-22
*Form SW-7–10:	Template Simple Will Form for Testator with Minor Children with Alternative Dispositive Clauses for Marital Trusts for Spouse and Trust for Children	4-22
4.3.8	Key Action Subjects for Strategic Planning	4-37
4.4	Wills Disposing Property Outright to Trust for Minor Children (No Provision for Spouse).	4-37
4.4.1	Summary of Dispositive Provisions	4-38
4.4.2	When to Use These Wills	4-38
4.4.3	Estate Tax Consequences	4-38
4.4.4	Caution: Spouse's Right of Election in Maryland.	4-38
4.4.5	Forms for Wills Disposing of Property to Trust for Minor Children.	4-39
Form SW-11H:	Male Testator with Minor Children Whose Spouse Has Predeceased Him, or Is to Be Given No Interest under Will: Gift of Residuary Estate to Separate Trusts for Children — Complete Distribution at Age 30.	4-39
Form SW-11W:	Companion Will to SW-11H.	4-39
Form SW-12H:	Male Testator with Minor Children Whose Spouse Has Predeceased Him, or Is to Be Given No Interest under Will: Gift of Residuary Estate to Pot Trust until Youngest Child Attains Age of 25	4-39

CONTENTS

	Form SW-12W: Companion Will to SW-12H.	4-39
	*Form SW-11/12: Template Simple Will Form with Alternative Dispositive Clauses for Testator with Minor Children, Whose Spouse Has Predeceased Him, or Is to Be Given No Interest under Will; Gift of Residuary Estate for Children (Separate Trusts or Pot Trust)	4-39
4.4.6	Key Action Subjects for Strategic Planning	4-51
PART III	TAX PLANNING WILLS WITH CREDIT SHELTER/BYPASS TRUSTS IN COMBINATION WITH MARITAL BEQUEST (OUTRIGHT OR QTIP TRUST): FOR MARRIED COUPLES WITH COMBINED ESTATES EXCEEDING LIFETIME EXEMPTION (APPLICABLE EXCLUSION AMOUNT)	
CHAPTER 5	STRATEGIC PLANNING WITH CREDIT SHELTER/ BYPASS TRUSTS	5-1
5.1	Effective Utilization of Lifetime Estate Tax Exemption Through Trusts	5-1
5.2	Example: The Sweetheart Will Pitfall and the Credit Shelter/Bypass Trust Solution	5-2
5.3	Workings of the Bypass Trust	5-4
5.4	Alternatives for Structuring Bypass Trust	5-5
5.5	Using a Bypass Trust with a Limited Power of Appointment to Allow for Disclaimer.	5-6
5.6	The “A-B” Will System and Formula Clauses	5-6
CHAPTER 6	TAX PLANNING WILLS WITH CREDIT SHELTER/BYPASS TRUSTS IN COMBINATION WITH MARITAL BEQUEST (OUTRIGHT OR QTIP TRUST) — FOR MARRIED COUPLES WITH COMBINED ESTATES EXCEEDING LIFETIME EXEMPTION	6-1
6.1	Wills with Bypass Trust and Outright Marital Bequest — for Married Couples with Adult Children.	6-1
6.1.1	General Description of Wills.	6-1
6.1.2	Summary of Dispositive Provisions	6-2
6.1.3	Graphic Summary of Dispositive Provisions of Credit Shelter/Bypass Trust and Estate Tax Effects.	6-2
6.1.4	When to Use These Wills	6-3
6.1.5	Estate Tax Consequences	6-4
6.1.6	Will Forms with Bypass Trust and Outright Marital	6-5
	Form TP-1H: Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income and	

CONTENTS

	Principal to Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	6-5
Form TP-1W:	Companion Will to TP-1H	6-5
Form TP-2H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Spray of Income and Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	6-5
Form TP-2W:	Companion Will to TP-2H	6-5
Form TP-3H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income to Spouse, Spray of Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	6-5
Form TP-3W:	Companion Will to TP-3H	6-5
*Form TP-1–3:	Template Form for Testator with Adult Children: with Alternative Dispositive Methods for Residuary/Bypass Trust . . .	6-6
6.1.7	Client Presentation Charts for TP-1, TP-2, and TP-3	6-17
6.1.8	Key Action Subjects for Strategic Planning	6-19
6.2	Wills with Bypass Trust and Outright Marital Bequest for Married Couples with Minor Children	6-20
6.2.1	General Description of Wills.	6-20
6.2.2	Overall Summary of Dispositive Provisions.	6-21
6.2.3	Graphic Summary of Dispositive Provisions of Credit Shelter/Bypass Trust and Estate Tax Effects.	6-21
6.2.4	When to Use These Wills	6-24
6.2.5	Estate Tax Consequences	6-24
6.2.6	Forms for Bypass Trust and Outright Marital Bequest — with Trusts for Children	6-25
Form TP-4H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income and Principal to Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30).	6-25
Form TP-4W:	Companion Will to TP-4H	6-25
Form TP-5H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/	

CONTENTS

	Bypass Trust with Spray of Income and Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30)	6-25
Form TP-5W:	Companion Will to TP-5H	6-25
Form TP-6H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income to Spouse and Spray of Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30)	6-25
Form TP-6W:	Companion Will to TP-6H	6-25
Form TP-7H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income and Principal to Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	6-26
Form TP-7W:	Companion Will to TP-7H	6-26
Form TP-8H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Spray of Income and Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	6-26
Form TP-8W:	Companion Will to TP-8H	6-26
Form TP-9H:	Marital Bequest Outright to Spouse; Credit Shelter Bequest to Residuary/ Bypass Trust with Income to Spouse and Spray of Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	6-26
Form TP-9W:	Companion Will to TP-9H	6-26
*Form TP-4-9:	Template Form for Testator with Minor Children: with Alternative Dispositive Methods for Residuary/Bypass Trust and Trust for Children	6-26

CONTENTS

6.2.7	Client Presentation Charts for TP-4, TP-5, TP-6, TP-7, TP-8, and TP-9	6-41
6.2.8	Key Action Subjects for Strategic Planning	6-48
 CHAPTER 7 STRATEGIC TAX PLANNING WITH MARITAL/QTIP TRUSTS (“A” SHARE) IN COMBINATION WITH BYPASS TRUST (“B” SHARE): THE “A-B” TRUST STRUCTURE 7-1		
7.1	Description of the “A-B” Trust Structure	7-1
7.2	The Marital Trust In General.	7-1
7.3	The Unlimited Marital Deduction and Strategic Planning with QTIP Trusts.	7-1
7.4	Federal Tax Requirements of QTIP Trust	7-3
7.5	Maryland Estate Tax Planning and QTIP Trusts.	7-3
 CHAPTER 8 TAX PLANNING WILLS WITH QTIP AND BYPASS TRUSTS: FOR MARRIED COUPLES WITH COMBINED ESTATES EXCEEDING LIFETIME EXEMPTION (PECUNIARY FORMULA) 8-1		
8.1	Wills with QTIP and Bypass Trusts — for Married Couples with Adult Children.	8-1
8.1.1	General Description of Wills.	8-1
8.1.2	Summary of Dispositive Provisions	8-1
8.1.3	Summary of Dispositive Provisions and Estate Tax Effects of Marital and Credit Shelter/Bypass Trusts.	8-2
8.1.4	When to Use These Wills	8-2
8.1.5	Estate Tax Consequences	8-3
8.1.6	Form Wills with QTIP and Bypass Trusts — Married Couple with Adult Children	8-3
	Form TP-10H: Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income and Principal to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	8-3
	Form TP -10W: Companion Will TP-10H	8-3
	Form TP-11H: Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Spray of Income and Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	8-3
	Form TP-11W: Companion Will to TP-11H	8-3

CONTENTS

	Form TP-12H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income to Spouse, Spray of Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	8-3
	Form TP-12W:	Companion Will to TP-12H	8-3
	*Form TP-10–12:	Template Form for Testator with Adult Children: Marital (QTIP) Trust with Alternative Dispositive Methods for Residuary/Bypass Trust	8-4
8.1.7	Client Presentation Charts for TP-10, TP-11, and TP-12		8-17
8.1.8	Key Action Subjects for Strategic Planning		8-21
8.2	Wills with QTIP and Bypass Trusts — Married Couples with Minor Children		8-21
8.2.1	General Description of Wills.		8-21
8.2.2	Summary of Dispositive Provisions		8-22
8.2.3	Summary of Dispositive Provisions and Tax Effects of Marital and Credit Shelter/Bypass Trusts		8-22
8.2.4	When to Use These Wills		8-22
8.2.5	Estate Tax Consequences		8-22.1
8.2.6	Form Wills with QTIP and Bypass Trust — for Married Couples with Minor Children		8-23
	Form TP-13H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income and Principal to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30)	8-23
	Form TP-13W:	Companion Will to TP-13H	8-23
	Form TP-14H:	Marital Bequest to QTIP Trust; Residuary/Bypass Trust with Spray of Income and Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30)	8-23
	Form TP-14W:	Companion Will to TP-14H	8-23
	Form TP-15H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income to Spouse and Spray of Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living	

CONTENTS

	Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30)	8-23
Form TP-15W:	Companion Will to TP-15H	8-23
Form TP-16H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income and Principal to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	8-23
Form TP-16W:	Companion Will to TP-16H	8-23
Form TP-17H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Spray of Income and Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	8-23
Form TP-17W:	Companion Will to TP-17H	8-23
Form TP-18H:	Marital Bequest to QTIP Trust; Credit Shelter Bequest to Residuary/Bypass Trust with Income to Spouse and Spray of Principal to Spouse and Children; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Pot Trust until Youngest Child Attains 25).	8-23
Form TP-18W:	Companion Will to TP-18H	8-23
*Form TP-13–18:	Template Form for Testator with Minor Children: with QTIP Trust and Alternative Dispositive Methods for Residuary/Bypass Trust and for Trusts for Children	8-24
8.2.7	Client Presentation Charts for TP-13, TP-14, TP-15, TP-16, TP-17, and TP-18	8-40
8.2.8	Key Action Subjects for Strategic Planning	8-50

CHAPTER 9	TAX PLANNING WILLS WITH MARITAL (“A”) AND CREDIT SHELTER (“B”) SHARES: USE OF PECUNIARY CREDIT SHELTER AND RESIDUARY MARITAL BEQUESTS (REVERSE PECUNIARY FORMULA)	9-1
9.1	Overview and Practical Considerations	9-1
9.2	“Reverse Pecuniary” Wills with Bypass Trust and Outright Marital Bequest — Married Couples with Adult Children	9-1

CONTENTS

9.2.1	General Description of Wills.	9-1
9.2.2	Summary of Dispositive Provisions	9-2
9.2.3	When to Use These Wills	9-2
9.2.4	Estate Tax Consequences	9-3
9.2.5	Form Reverse Pecuniary Wills with Bypass Trust and Outright Marital Bequest.	9-3
	*Form TP-19H: Pecuniary Credit Shelter Bequest to Bypass Trust for Benefit of Spouse and Children; Marital Bequest Outright to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	9-3
	Form TP-19W: Companion Will to TP-19H	9-3
9.2.6	Client Presentation Chart for TP-19	9-14
9.3	“Reverse Pecuniary” Wills for Married Couples with Adult Children (with QTIP Trust).	9-15
9.3.1	General Description of Wills.	9-15
9.3.2	Summary of Dispositive Provisions	9-15
9.3.3	When to Use These Wills	9-16
9.3.4	Estate Tax Consequences	9-16
9.3.5	Form Reverse Pecuniary Wills with QTIP and Bypass Trusts.	9-17
	*Form TP-20H: Pecuniary Credit Shelter Bequest to Bypass Trust; Marital Bequest to QTIP Trust; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	9-17
	Form TP-20W: Companion Will to TP-20H	9-17
9.3.6	Client Presentation Chart for TP-20	9-29
9.4	“Reverse Pecuniary” Wills with Bypass Trust and Outright Marital Bequest for Married Couples with Minor Children	9-31
9.4.1	General Description of Wills.	9-31
9.4.2	Summary of Dispositive Provisions	9-31
9.4.3	When to Use These Wills	9-32
9.4.4	Estate Tax Consequences	9-32
9.4.5	Form Reverse Pecuniary Wills with Bypass Trust and Outright Marital Bequest.	9-33
	Form TP-21H: Pecuniary Credit Shelter Bequest to Bypass Trust for Benefit of Spouse and Children; Marital Bequest Outright to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Children under 30).	9-33

CONTENTS

	Form TP-21W:	Companion Will to TP-21H	9-33
	Form TP-22H:	Pecuniary Credit Shelter Bequest to Bypass Trust for Benefit of Spouse and Children; Marital Bequest Outright to Spouse; Remainder (or Entire Estate if Spouse Does Not Survive) to Pot Trust until Youngest Child Attains 25	9-33
	Form TP-22W:	Companion Will to TP-22H	9-33
	*Form TP-21/22:	Template Form for Married Testator with Minor Children; Pecuniary Credit Shelter Bequests to Bypass Trust and Outright Marital Bequest with Alternative Clauses for Children's Trusts (Separate Trusts or Pot Trust)	9-33
9.4.6	Client Presentation Charts for TP-21 and TP-22		9-47
9.5	"Reverse Pecuniary" Wills for Married Couples with Minor Children (with QTIP Trust)		9-49
9.5.1	General Description of Wills		9-49
9.5.2	Summary of Dispositive Provisions		9-49
9.5.3	When to Use These Wills		9-50
9.5.4	Estate Tax Consequences		9-50
9.5.5	Form Reverse Pecuniary Wills with QTIP and Bypass Trusts		9-51
	Form TP-23H:	Pecuniary Credit Shelter Bequest to Bypass Trust; Marital Bequest to QTIP Trust; Remainder of Trusts (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Children under 30)	9-51
	Form TP-23W:	Companion Will to TP-23H	9-51
	Form TP-24H:	Pecuniary Credit Shelter Bequest to Bypass Trust; Marital Bequest to QTIP Trust; Remainder of Trusts (or Entire Estate if Spouse Does Not Survive) to Pot Trust until Youngest Child Attains 25	9-51
	Form TP-24W:	Companion Will to TP-24H	9-51
	*Form TP-23/24:	Template Form for Married Testator with Minor Children; Pecuniary Credit Shelter Bequest to Bypass Trust; Marital Bequest to QTIP Trust; Alternative Clauses for Children's Trusts (Separate Trusts or Pot Trust) . . .	9-53
9.5.6	Client Presentation Charts for TP-23 and TP-24		9-67
9.5.7	Key Action Subjects for Strategic Planning		9-71

CONTENTS

PART IV “FLEXIBLE” TAX PLANNING WILLS WITH DISCLAIMER TRUSTS: MARRIED COUPLES WITH COMBINED ESTATES APPROACHING OR EXPECTED TO EXCEED LIFETIME EXEMPTION OR WHO DESIRE A FLEXIBLE APPROACH

CHAPTER 10	STRATEGIC PLANNING WITH “FLEXIBLE” DISCLAIMER TRUSTS.	10-1
10.1	Overview of the Disclaimer Trust Technique	10-1
10.2	Requirements of a Qualified Disclaimer.	10-2
10.2.1	Federal Tax Requirements and Consequences	10-3
10.2.2	The Maryland Disclaimer Law	10-3
	*Form 10-1: Disclaimer of Shares of Stock	10-4
	*Form 10-2: Disclaimer of Interest under Revocable Trust	10-5
10.3	When Is a Disclaimer Used — in General	10-5
10.4	Reducing the Marital Deduction Through a Disclaimer: A Case Study.	10-6
10.5	Increased Use of Disclaimer Trusts.	10-7
10.5.1	The Impact of the Increasing Lifetime Exemption on Formula Clause Wills and Revocable Trusts — “The EGTRRA/ATRA Trap”	10-7
10.5.2	The Flexible Disclaimer Trust Solution	10-8
10.5.3	Some Pitfalls and Disadvantages of Disclaimer Approach.	10-8
10.6	Increased Use of Disclaimer Trusts in Light of Maryland’s “Decoupled” Estate Tax	10-9
CHAPTER 11	TAX PLANNING WILLS WITH DISCLAIMER TRUSTS	11-1
11.1	Disclaimer Wills For Married Couples with Adult Children	11-1
11.1.1	Summary of Dispositive Provisions	11-1
11.1.2	Summary of Dispositive Provisions and Tax Effects of Disclaimer Trust	11-1
11.1.3	When to Use These Wills	11-3
11.1.4	Estate Tax Consequences	11-3
11.1.5	Form Wills with Disclaimer Trusts for Married Couples with Adult Children.	11-4
	Form DW-1H: Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” for Benefit of Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	11-4
	Form DW-1W: Companion Will to DW-1H	11-4
	Form DW-2H: Gift of Residuary Estate Outright to Spouse with Disclaimer Option to	

CONTENTS

	“Disclaimer Trust” for Benefit of Spouse and Descendants during Spouse’s Life (Preference to Spouse), Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	11-4
	Form DW-2W: Companion Will to DW-2H	11-4
	Form DW-3H: Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” (Income to Spouse, Spray of Principal to Spouse and Descendants), Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i>	11-4
	Form DW-3W: Companion Will to DW-3H	11-4
	*Form DW-1–3: Template Form for Married Testator with Adult Children: Will with “Disclaimer Trust” with Alternative Methods for Trust Distributions	11-5
11.1.6	Key Action Subjects for Strategic Planning	11-16
11.2	Disclaimer Wills for Married Couples with Minor Children	11-17
11.2.1	Dispositive Provisions of Wills in Category	11-17
11.2.2	Summary of Dispositive Provisions and Tax Effects of Disclaimer Trust	11-17
11.2.3	When to Use These Wills	11-20.2
11.2.4	Estate Tax Consequences	11-20.2
11.2.5	Form Wills with Disclaimer Trusts for Married Couples with Minor Children	11-21
	Form DW-4H: Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” for Benefit of Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30).	11-21
	Form DW-4W: Companion Will DW-4H	11-21
	Form DW-5H: Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” — Spray of Income and Principal to Spouse and Descendants; Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30).	11-21

CONTENTS

Form DW-5W:	Companion Will to DW-5H	11-21
Form DW-6H:	Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” — Income to Spouse, Spray of Principal to Spouse and Children, Remainder (or Entire Estate if Spouse Does Not Survive) to Living Descendants, <i>per Stirpes</i> (Separate Trusts for Descendants under 30).	11-21
Form DW-6W:	Companion Will to DW-6H	11-21
Form DW-7H:	Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” for Benefit of Spouse, Remainder (or Entire Estate if Spouse Does Not Survive) to Pot Trust until Youngest Child Attains 25	11-21
Form DW-7W:	Companion Will DW-7H	11-21
Form DW-8H:	Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” — Spray of Income and Principal to Spouse and Descendants; Remainder (or Entire Estate if Spouse Does Not Survive) to Pot Trust until Youngest Child Attains 25	11-21
Form DW-8W:	Companion Will to DW-8H	11-21
Form DW-9H:	Gift of Residuary Estate Outright to Spouse with Disclaimer Option to “Disclaimer Trust” — Income to Spouse, Spray of Principal to Spouse and Descendants; Remainder (or Entire Estate if Spouse Does Not Survive) to Pot Trust until Youngest Child Attains 25	11-21
Form DW-9W:	Companion Will to DW-9H	11-21
*Form DW-4–9:	Template Form for Married Testator with Minor Children with “Disclaimer Trust” with Alternative Methods for Distribution During Lifetime of Spouse and Alternative Children’s Trusts	11-21
11.2.6	Key Action Subjects for Strategic Planning	11-37

CONTENTS

PART V GENERATION-SKIPPING TRANSFER (“GST”) TAX PLANNING WITH GENERATION-SKIPPING TRUSTS — FOR LARGE ESTATES

CHAPTER 12	STRATEGIC PLANNING WITH GENERATION-SKIPPING TRUSTS	12-1
12.1	Overview of Generation-Skipping Transfer Tax (GST)	12-1
12.2	Sheltering the Tax through the GST Exemption	12-2
12.3	Effective Use of the GST Exemption — Benefits to Children and Tax Savings	12-3
12.4	Allocation of GST Exemption to Assets with Greatest Appreciation Potential.	12-3
12.5	Structure of Wills with Generation-Skipping Trusts.	12-4
12.6	The “Reverse QTIP” Election: Allocating First Spouse’s GST Exemption Marital Trust	12-6
12.7	Use of the First Spouse’s Nonexempt Marital Trust to Allocate GST Exemption of Surviving Spouse	12-8
12.8	Ramifications and Drafting Considerations in Light of EGTRRA, TRA 2010 and ATRA 2012.	12-9
 CHAPTER 13	 TAX PLANNING WILLS WITH GENERATION-SKIPPING TRUSTS	 13-1
13.1	Wills with Generation-Skipping Trusts for Married Couples with Adult Children.	13-1
13.1.1	General Description of Wills.	13-1
13.1.2	Summary of Dispositive Provisions	13-1
13.1.3	Form Wills with Generation-Skipping Trusts	13-3
	*Form GST-1H: Marital Bequest Divided into Exempt GST and Nonexempt Trusts; Credit Shelter Bequest to Exempt Bypass GST for Benefit of Spouse and Children; Remainder — Exempt Trusts to Separate GST Trusts for Children, Nonexempt to Living Descendants, <i>per Stirpes</i>	13-3
	Form GST-1W: Companion Will to GST-1H.	13-3
	*Form GST-2H: Marital Bequest Divided into Exempt GST and Nonexempt Trusts; Credit Shelter Bequest to Exempt Bypass GST Trust for Benefit of Spouse and Children; Remainder — Exempt Trusts to Separate GST Trusts for Children, Nonexempt to Living Descendants, <i>per Stirpes</i> (with Flexibility for Distribution of Remainder of Nonexempt Trust to Children’s GST Trusts).	13-20

CONTENTS

Form GST-2W:	Companion Will to GST-2H.	13-3
Form GST-3H:	Marital Bequest Divided into Exempt GST and Nonexempt Trusts; Credit Shelter Bequest to Separate Exempt GST Trusts for Children; Remainder — Exempt Marital to Exempt Children's Trusts, Nonexempt Trust to Living Descendants, <i>per Stirpes</i>	13-3
Form GST-3W:	Companion Will to GST-3H.	13-3
Form GST-4H:	Marital Bequest Divided into Exempt GST and Nonexempt Trusts; Credit Shelter Bequest to Separate Exempt GST Trusts for Children; Remainder of Exempt Trusts to Exempt Children's Trusts, Nonexempt to Living Descendants, <i>per Stirpes</i> (with Flexibility for Distribution of Remainder to Nonexempt Trust to Children's GST Trusts).	13-3
Form GST-4W:	Companion Will to GST-4H.	13-3
Form GST-5H:	Marital Bequest Divided into Exempt GST and Nonexempt Trust; Credit Shelter Bequest to Exempt GST Bypass Trust for Benefit of Spouse and Children; Remainder — Exempt Trusts to GST Spray Trust for Children and Descendants, Nonexempt to Living Descendants, <i>per Stirpes</i>	13-3
Form GST-5W:	Companion Will to GST-5H.	13-3
Form GST-6H:	Marital Bequest Divided into Exempt GST and Nonexempt Trusts; Credit Shelter Bequest to Exempt GST Bypass Trust for Benefit of Spouse and Children; Remainder — Exempt Trusts to GST Spray Trust for Children and Descendants, Nonexempt to Living Descendants, <i>per Stirpes</i> (with Flexibility for Distribution of Remainder of Nonexempt Trust to Children's GST Trusts).	13-4
Form GST-6W:	Companion Will to GST-6H.	13-4
Form GST-7H:	Marital Bequest Divided into Exempt and Nonexempt Trusts; Credit Shelter Bequest to Spray GST Trust for Descendants; Remainder—Exempt Marital to Descendant's Trust; Remainder of Nonexempt Trust to Living Descendants, <i>per Stirpes</i>	13-4

CONTENTS

Form GST-7W:	Companion Will to GST-7H	13-4
Form GST-8H:	Marital Bequest Divided into Exempt and Nonexempt Trusts; Credit Shelter Bequest to Spray GST Trust for Descendants; Remainder — Exempt Marital to Descendant's Trust; Remainder of Nonexempt Trust to Living Descendants, <i>per Stirpes</i> (with Flexibility for Distribution of Remainder of Nonexempt Trust to Children's GST Trusts).	13-4
Form GST-8W:	Companion Will to GST-8H	13-4
13.1.4	Client Presentation Charts for All GST Wills	13-36
13.1.5	Key Action Subjects for Strategic Planning	13-59

PART VI WILLS FOR UNMARRIED INDIVIDUALS (SINGLE, WIDOWED, DIVORCED)

CHAPTER 14	WILLS FOR UNMARRIED INDIVIDUALS (SINGLE, WIDOWED, DIVORCED).	14-1
14.1	Overview and Overall Dispositive Summary of Wills Selected	14-1
14.2	Simple Wills for Unmarried Persons with Adult Children	14-3
14.2.1	Summary of Dispositive Provisions	14-3
14.2.2	When to Use These Wills	14-3
14.2.3	Estate Tax Consequences	14-3
14.2.4	Form Simple Wills for Unmarried Persons with Adult Children.	14-3
	*Form UM-1M: Unmarried Testator with Adult Children: Outright Gift of Residuary Estate to Adult Children	14-3
	Form UM-1F: Corresponding Will to UM-1M for Testatrix	14-3
14.3	Wills for Unmarried Persons with Minor Children.	14-9
14.3.1	Summary of Dispositive Provisions	14-9
14.3.2	Distribution of Separate Trusts for Children.	14-9
14.3.3	Distribution of Pot Trusts for Children	14-9
14.3.4	When to Use These Wills	14-10
14.3.5	Estate Tax Consequences	14-10
14.3.6	Form Simple Wills for Unmarried Persons with Minor Children.	14-10
	Form UM-2M: Unmarried Testator with Minor Children: Gift of Residuary Estate to Separate Trusts for Children — Complete Distribution at Age 30	14-10

CONTENTS

	Form UM-2F:	Corresponding Will to UM-2M for Testatrix	14-10
	Form UM-3M:	Unmarried Male Testator with Minor Children: Gift of Residuary Estate to Pot Trust until Youngest Child Reaches 25	14-10
	Form UM-3F:	Corresponding Will to UM-3M for Testatrix	14-10
	*Form UM-2/3:	Template Form for Unmarried Testator with Minor Children with Alternative Dispositive Methods of Residuary Estate Clauses for Separate Trusts and Pot Trust.	14-10
14.4	Will for Unmarried Individuals without Children.		14-22
14.4.1	Overview		14-22
14.4.2	Summary of Dispositive Provisions		14-23
14.4.3	When to Use These Wills		14-23
14.4.4	Estate Tax Consequences		14-23
14.4.5	Form Wills for Unmarried Individuals without Children		14-24
	*Form UM-4M:	Unmarried Testator Who Desires to Benefit Friend/Companion: Gift of Residuary Estate to Trust for Friend/Companion for Life, Remainder to Nieces and Nephews (Separate Trusts if under 30)	14-24
	Form UM-4F:	Corresponding Will to UM-4M for Testatrix	14-24
14.5	Pour-Over Will to Revocable Trust		14-34
14.5.1	Summary of Dispositive Provisions		14-34
14.5.2	When to Use These Wills		14-35
14.5.3	Estate Tax Consequences		14-35
14.5.4	Form Pour-Over Will.		14-35
	*Form UM-5M:	Will for Unmarried Male Testator Pour-Over Will — to Revocable Trust Created during Lifetime	14-35
	Form UM-5F:	Corresponding Will to UM-5M for Unmarried Testatrix	14-35
14.6	Wills for Single Individuals with Generation-Skipping Trusts		14-41
14.6.1	Overview		14-41
14.6.2	Overall Summary of Dispositive Provisions		14-41
14.6.3	Objective of GST Wills for Unmarrieds		14-41
14.6.4	Detailed Summary of Dispositive Provisions of GST Trusts.		14-42

CONTENTS

14.6.5	When to Use These Wills	14-43
14.6.6	Form Wills for Unmarried Individuals with Generation-Skipping Trusts	14-43
	Form UM-6M: Unmarried Testator with Adult Children: Residuary Bequest to Be Divided into: (1) Exempt Portion — Separate Generation-Skipping Trusts for Children, Remainder to Grandchildren with Limited Power of Appointment to Children; and (2) Nonexempt Portion — Outright to Living Descendants, <i>per Stirpes</i>	14-43
	Form UM-6F: Corresponding Will to UM-6M for Testatrix	14-43
	Form UM-7M: Unmarried Testator with Adult Children: Residuary Bequest to Be Divided into: (1) Exempt Portion — Separate Generation-Skipping Trusts for Benefit of Each Child and Child's Descendants During Lifetime of Child, Remainder to Grandchildren with Limited Power of Appointment to Children; and (2) Nonexempt Portion — Outright to Living Descendants, <i>per Stirpes</i>	14-44
	Form UM-7F: Corresponding Will to UM-7M for Unmarried Testatrix	14-44
	Form UM-8M: Unmarried Testator with Adult Children: Residuary Bequest to Be Divided into: (1) Exempt Portion — Dynasty Generation-Skipping Trust for Benefit of Descendants for Maximum Period Allowed by Rule Against Perpetuities; and (2) Nonexempt Portion — Outright to Living Descendants, <i>per Stirpes</i>	14-44
	Form UM-8F: Corresponding Will to UM-8M for Unmarried Testatrix	14-44
	*Form UM-6–8: Template Will Forms for Unmarried Testator with Adult Children: with Alternative Dispositive Methods for Residuary Bequest — Division between Exempt and Nonexempt Portions.	14-44
14.6.7	Key Action Subjects for Strategic Planning	14-58

CONTENTS

PART VII REVOCABLE (LIVING) TRUSTS AND POUR-OVER WILLS

CHAPTER 15	STRATEGIC PLANNING WITH REVOCABLE TRUSTS AS PRIMARY TESTAMENTARY INSTRUMENT	15-1
15.1	Revocable Trusts as Will Substitutes: Advantages, Disadvantages, and Practical Considerations	15-1
15.1.1	Overview	15-1
15.1.2	Practical Uses, Advantages, and Disadvantages	15-1
15.1.2.1	Probate Avoidance.	15-1
	Form 15-A: Probate Fees in Maryland.	15-2
15.1.2.2	Estate and Income Taxes.	15-4
15.1.2.3	Planning for Incapacity.	15-4
15.1.2.4	Ancillary Administration: Real Estate in More than One State.	15-4
15.1.2.5	Potential for Will Contests	15-5
15.1.3	Summary	15-6
15.2	Mechanics and Operation of Revocable Trust/Pour-Over Will Structure	15-6
15.2.1	Transfer of Assets to Trust	15-6
	*Form 15-1: Deed from Grantor to Grantor's Revocable Trust	15-7
	*Form 15-2: Life Estate Deed with Powers	15-8
	*Form 15-3: Life Estate Deed without Powers	15-10
15.2.2	Trustee.	15-11
15.2.3	Dispositive Provisions During Life of Settlor and upon Death	15-11
15.2.4	Right to Revoke.	15-12
15.2.5	Tax Identification Number	15-12
15.2.6	Tax Consequences of a Revocable Trust.	15-12
15.2.6.1	Gift Taxes	15-12
15.2.6.2	Income Tax	15-12
15.2.6.3	Estate Tax	15-13
15.2.7	Pour-Over Will	15-13
15.3	Overall Summary of Forms.	15-13
CHAPTER 16	REVOCABLE TRUSTS AND POUR-OVER WILLS FOR UNMARRIED INDIVIDUALS.	16-1
16.1	Overall Summary of Forms and Dispositive Summary	16-1
16.2	Simple Revocable Trust and Pour-Over Will for Unmarried Individual with Adult Children (RT-1 and PO-1)	16-3
16.2.1	Summary of Dispositive Provisions of RT-1.	16-3
16.2.2	When to Use This Revocable Trust (RT-1)	16-4
16.2.3	Income, Gift, and Estate Tax Consequences.	16-4

CONTENTS

16.2.4	Forms.	16-5
	*Form RT-1: Revocable Trust Agreement for Unmarried Settlor — Outright Disposition to Adult Children at Death of Settlor.	16-5
	*Form PO-1: Pour-Over Will — to Accompany RT-1 .	16-13
16.3	Revocable Trust and Pour-Over Will for Unmarried Individuals without Children (RT-2 and PO-2)	16-18
16.3.1	Summary of Dispositive Provisions of RT-2.	16-18
16.3.2	When to Use This Revocable Trust (RT-2)	16-19
16.3.3	Income, Gift, and Estate Tax Consequences.	16-19
16.3.4	Forms.	16-20
	*Form RT-2: Revocable Trust Agreement for Unmarried Settlor Who Wishes to Benefit Friend/Companion — to Friend/Companion for Life, Remainder to Nieces and Nephews (in Trust if under 30).	16-20
	*Form PO-2: Pour-Over Will—to Accompany RT-2 . .	16-30
16.4	Revocable Trusts and Pour-Over Wills for Unmarried Individuals with Children — with Generation-Skipping Trusts (RT-3 and RT-4 and PO-3/4)	16-35
16.4.1	Summary of Dispositive Provisions of RT-3 and RT-4.	16-35
16.4.2	Objective of GST Provisions for Unmarrieds.	16-36
16.4.3	Detailed Summary and Estate Tax Effects of Dispositive Provisions of GST-Exempt Trusts (After Settlor's Death) under RT-3 and RT-4.	16-36
16.4.4	When to Use These Revocable Trusts (RT-3 and RT-4)	16-37
16.4.5	Forms.	16-39
	*Form RT-3: Revocable Trust Agreement for Unmarried Individual with Adult Children — with GST Trusts for Children upon Death of Settlor.	16-39
	*Form RT-4: Revocable Trust Agreement for Unmarried Individual with Adult Children — with Single Pot Dynasty Trust for Descendants for Maximum Perpetuities Period	16-49
	*Form PO-3/4: Pour-Over Will — to Accompany RT-3 and RT-4.	16-58
CHAPTER 17	REVOCABLE TRUSTS AND POUR-OVER WILLS FOR MARRIED COUPLES WITHOUT TAX PLANNING (COMBINED ESTATES NOT EXCEEDING LIFETIME EXEMPTION)	17-1
17.1	Overview and Practical Considerations	17-1

CONTENTS

17.2	Summary of Dispositive Provisions of RT-5	17-1
17.3	When to Use This Revocable Trust (RT-5)	17-2
17.4	Income, Gift, and Estate Tax Consequences	17-2
17.5	Forms	17-3
	*Form RT-5: Simple Revocable Trust Agreement for Married Settlor — Outright Disposition to Spouse upon Death of Settlor (to Children if Spouse Does Not Survive)	17-3
	*Form PO-5-9: Pour-Over Will — to Accompany RT-5-9	17-12

CHAPTER 18	REVOCABLE TRUSTS AND POUR-OVER WILLS WITH CREDIT SHELTER/BYPASS TRUSTS — FOR MARRIED COUPLES WITH COMBINED ESTATES EXCEEDING LIFETIME EXEMPTION	18-1
18.1	Strategic Planning with Credit Shelter/Bypass Trusts	18-1
18.2	Summary of Dispositive Provisions of RT-6	18-2
18.3	Graphic Summary of Dispositive Provisions of Credit Shelter/Bypass Trust under RT-6 and Estate Tax Effects	18-3
18.4	Alternatives for Structuring Bypass Trust	18-3
18.4A	Using a Bypass Trust with a Limited Power of Appointment to Allow for Disclaimer	18-5
18.5	When to Use Revocable Trust RT-6	18-5
18.6	Income, Gift, and Estate Tax Consequences	18-6
18.7	Forms	18-6
	*Form RT-6: Revocable Trust Agreement for Married Settlor — with Credit Shelter/Bypass Trust	18-6
	*Form PO-5-9: Pour-Over Will — to Accompany RT-6	18-6

CHAPTER 19	REVOCABLE TRUSTS AND POUR-OVER WILLS WITH MARITAL/QTIP TRUST IN COMBINATION WITH CREDIT SHELTER/BYPASS TRUST: THE “A-B” TRUST STRUCTURE (COMBINED ESTATES EXCEED LIFETIME EXEMPTION)	19-1
19.1	Strategic Planning with “A-B” Trust Structure	19-1
19.2	Federal Tax Requirements of QTIP Trust	19-2
19.2A	Maryland Estate Tax Planning and QTIP Trusts	19-3
19.3	Summary of Dispositive Provisions of RT-7	19-3
19.4	Graphic Summary of Dispositive Provisions of Credit Shelter/Bypass Trust under RT-7 and Estate Tax Effects	19-4
19.5	When to Use Revocable Trust RT-7	19-5
19.6	Income, Gift, and Estate Tax Consequences	19-6
19.7	Forms	19-6
	*Form RT-7: Revocable Trust Agreement for Married Settlor— with Marital and Bypass Trusts	19-7
	*Form PO-5-9: Pour-Over Will — to Accompany RT-7	19-19

CONTENTS

CHAPTER 20	REVOCABLE TRUST AND POUR-OVER WILL FOR MARRIED COUPLE WITH DISCLAIMER TRUST OPTION UPON DEATH OF SETTLOR	20-1
20.1	Strategic Planning with Disclaimer Trusts	20-1
20.2	Summary of Dispositive Provisions of RT-8.	20-2
20.3	Graphic Summary of Dispositive Provisions of Disclaimer Trust under RT-8 and Estate Tax Effects.	20-2
20.4	When to Use Revocable Trust RT-8	20-3
20.5	Income, Gift, and Estate Tax Consequences.	20-4
20.6	Forms.	20-5
	*Form RT-8: Revocable Trust Agreement for Married Settlor— Outright to Spouse with Option for Disclaimer Trust After Death of Settlor	20-5
	*Form PO-5-9: Pour-Over Will—to Accompany RT-5-9	20-16
CHAPTER 21	REVOCABLE TRUST FOR MARRIED SETTLORS WITH GENERATION-SKIPPING TRUSTS.	21-1
21.1	Strategic Planning with Generation-Skipping Trusts: Benefits and Use of GST Exemption	21-1
21.2	Three-Trust Structure of Revocable Trust Agreement with Generation Skipping Trust (RT-9).	21-2
21.2.1	Strategic Objectives under RT-9	21-2
21.2.2	The Three Trusts	21-3
21.2.2.1	Residuary (Credit Shelter) Trust	21-3
21.2.2.2	Exempt and Nonexempt Marital Trusts	21-3
21.3	The “Reverse QTIP” Election.	21-5
21.3A	Ramifications and Drafting Considerations	21-6
21.4	Summary of Dispositive Provisions of RT-9.	21-7
21.5	Graphic Summary of Dispositive Provisions of Exempt and Nonexempt Generation-Skipping Trusts under RT-9 and Estate Tax Effects.	21-7
21.6	When to Use This Revocable Trust (RT-9).	21-11
21.7	Forms.	21-11
	*Form RT-9: Revocable Trust Agreement for Married Settlor — with Generation-Skipping Trusts.	21-12
	*Form PO-5-9: Pour-Over Will — to Accompany RT-5-9	21-26
PART VIII	STRATEGIC ESTATE PLANNING WITH IRREVOCABLE TRUSTS	
CHAPTER 22	IRREVOCABLE LIFE INSURANCE TRUSTS (ILITS)	22-1
22.1	The Life Insurance Trust — a Panacea, Indeed, for Estate Tax Savings	22-1

CONTENTS

22.2	Tax Strategies to Make Effective Uses of ILITs: Proper <i>Crummey</i> Notices and Avoiding the 3-Year Rule	22-3
22.2.1	The “ <i>Crummey</i> ” Notice and the Annual Gift Exclusion	22-3
22.2.2	The 3-Year Rule and Strategies for Avoidance	22-4
22.3	The 8-Step Procedure for Establishing and Maintaining a Life Insurance Trust	22-5
	*Form 22-1: Checklist for Establishing and Maintaining an ILIT	22-5
22.4	Life Insurance Trust on One Life — for Married Settlor	22-6
22.4.1	Purposes and Uses of ILIT-1 (Standard ILIT) and ILIT-2 (ILIT with Generation-Skipping Trusts)	22-6
22.4.2	Graphic Summary of Dispositive Provisions of ILIT-1 and ILIT-2 with Estate Tax Effects	22-7
22.4.3	Forms.	22-9
	*Form ILIT-1: Irrevocable Trust Agreement for Married Settlor — for Benefit of Spouse and Children.	22-9
	*Form ILIT-2: Irrevocable Trust Agreement for Married Settlor — with Generation-Skipping Trusts to Utilize GST Exemption.	22-23
	*Form 22-2: <i>Crummey</i> Notice Letter for Single Life Policy — to Accompany ILIT-1 and ILIT-2.	22-41
22.5	Life Insurance Trust on One Life — for Unmarried Settlor with Children (e.g., Widowed, Divorced)	22-42
22.5.1	Purposes and Uses of ILIT-3 (Standard ILIT) and ILIT-4 (ILIT with Generation-Skipping Trusts).	22-42
22.5.2	Graphic Summary of Dispositive Provisions of ILIT-3 and ILIT-4 with Estate Tax Effects	22-42
22.5.3	Forms.	22-44
	*Form ILIT-3: ILIT for Unmarried Settlor — for Benefit of Children	22-44
	*Form ILIT-4: ILIT for Unmarried Settlor — with Generation-Skipping Trusts to Utilize GST Exemption	22-58
	*Form 22-2: <i>Crummey</i> Notice Letter for Single Life Policy — to Accompany ILIT-3 and ILIT-4	22-41
22.6	Life Insurance Trusts On Two Lives (for Second-to-Die Policies) — ILIT-5 and ILIT-6	22-74
22.6.1	Purposes and Practical Uses of Second-to-Die Policies and Special Requirements	22-74
22.6.2	Graphic Summary of Dispositive Provisions of ILIT-5 (Standard ILIT for Second-to-Die Policy) and ILIT-6	

CONTENTS

	(ILIT for Second-to-Die Policy with Generation-Skipping Trusts)	22-75
22.6.3	Forms.	22-76
	*Form ILIT-5: ILIT for Second-to-Die Policy	22-76
	*Form ILIT-6: ILIT for Second-to-Die Policy with Generation-Skipping Trusts	22-91
	*Form 22-3: Sample <i>Crummey</i> Notice Letter — to Accompany Second-to-Die ILITs	22-108
CHAPTER 23	TRUSTS FOR MINORS.	23-1
23.1	Practical Uses and Overall Comparisons of Trusts with Custodial Transfers and Section 529 Plans	23-1
23.1.1	Custodial Transfers	23-1
23.1.2	Section 529 Plans	23-2
23.2	Section 2503(c)—Minor’s Trusts	23-3
23.2.1	Requirements.	23-3
23.2.2	Tax Issues	23-4
23.2.3	Planning Considerations: Extending the 2503(c) Trust Beyond Age 21.	23-4
23.2.4	Forms for Section 2503(c) Minor Trust	23-5
	*Form 23-1: Section 2503(c) Minor’s Trust for One Beneficiary Qualifying for Annual Gift Tax Exclusion.	23-5
23.3	<i>Crummey</i> Minor’s Trust	23-14
23.3.1	Requirements and Practical Uses	23-14
23.3.2	Combining <i>Crummey</i> Minor’s Trust with Generation-Skipping Tax Planning	23-14
23.3.3	Summary of Dispositive Provisions of Forms for <i>Crummey</i> Minor’s Trust	23-15
23.3.4	Forms for <i>Crummey</i> Minor’s Trusts	23-17
	*Form 23-2: <i>Crummey</i> Minor’s Trust for One Child with Withdrawal Power — Distribution of Principal to Child at Ages 25, 30, and 35	23-17
	*Form 23-3: <i>Crummey</i> Minor’s “Pot” Trust for Children of Settlor with Hanging Withdrawal Powers — Final Distribution of Principal When Youngest Child Attains Age 25.	23-28
	*Form 23-4: <i>Crummey</i> Minor’s Trust for One Grandchild with Withdrawal Power Qualifying for Annual Exclusion from Gift Tax and GST Tax — Distribution of Principal to Grandchild at Ages 25, 30, and 35	23-38

CONTENTS

	*Form 23-5:	<i>Crummey</i> “Dynasty” Trust for Descendants of Settlor for Maximum Perpetuities Period	23-49
	*Form 23-6:	<i>Crummey</i> Notice — to Accompany <i>Crummey</i> Trusts	23-59
CHAPTER 24 TRUSTS FOR SUBCHAPTER S STOCK			24-1
24.1	Overview: Types of Subchapter S Trusts		24-1
24.2	Qualified Subchapter S Trust (“QSST”): Requirements and Uses		24-1
24.3	The Electing Small Business Trust (“ESBT”): Requirements and Uses		24-2
24.4	Eligibility of Grantor Retained Annuity Trust (“GRAT”) to Hold S Corporation Stock		24-3
24.5	Forms		24-4
	*Form 24-1:	Qualified Subchapter S Trust — with Generation-Skipping Provisions	24-4
	*Form 24-2:	Sample QSST Election	24-16
	*Form 24-3:	Electing Small Business Trust (“ESBT”) for Descendants of Settlor for Maximum Perpetuities Period	24-17
CHAPTER 25 RETAINED INTEREST TRUSTS: QPRTS, GRATS AND “INTENTIONALLY DEFECTIVE” GRANTOR TRUSTS			25-1
25.1	Qualified Personal Residence Trusts		25-1
	25.1.1	Requirements and Practical Uses	25-1
	25.1.2	Illustrations and Computer Projections/Presentation Charts.	25-2
	25.1.3	Forms	25-4
	*Form 25-1:	Qualified Personal Residence Trust Agreement	25-4
	*Form 25-2:	GRIT and Qualified Personal Residence Trust	25-17
25.2	Grantor Retained Annuity Trusts (GRATS)		25-19
	25.2.1	Requirements and Practical Uses	25-19
	25.2.2	Illustrations and Computer Projections/Presentation Charts.	25-20
	25.2.3	Forms	25-20.1
	*Form 25-3:	Grantor Retained Annuity Trust Agreement	25-21
	*Form 25-4:	Grantor Retained Annuity Trust	25-28
25.3	“Intentionally Defective” Grantor Trusts		25-29
	25.3.1	Grantor Trust as a Mainstay of Estate Plans	25-29
	25.3.2	A Supercharged Gift	25-30
	25.3.3	Achieving “Defective” Grantor Trust Status	25-30

CONTENTS

25.3.4	Flexibility to the Grantor in Avoiding Grantor Trust Status . . .	25-31
	*Form 25-5: Intentionally Defective Grantor Trust with Dynasty Trust Provisions for Child and Future Descendants	25-31
CHAPTER 26	TRUSTS FOR INDIVIDUALS WITH SPECIAL NEEDS	26-1
26.1	Overview: Planning Strategies for Families of Children with Special Needs.	26-1
26.2	The Maryland Discretionary Trust Act: Requirements and Overview . . .	26-1
	26.2.1 Overview	26-1
	26.2.2 Requirements.	26-2
26.3	The Discretionary Special Needs Trust — Nonstatutory	26-3
26.4	Forms.	26-4
	*Form 26-1: Transfer to Trust under Maryland Discretionary Trust Act.	26-4
	*Form 26-2: Insertion in Will to Incorporate Provisions of the Maryland Discretionary Trust Act	26-5
	*Form 26-3: Special Needs Trust for Disabled Child (Nonstatutory).	26-6
26.5	“Self-Settled” Special Needs Trust for Disabled Beneficiary under Age 65	26-13
	26.5.1 Overview	26-13
	26.5.2 Requirements and Benefits	26-14
	*Form 26-4: Self-Settled Supplemental Needs Trust for Disabled Beneficiary under Age 65 (“(d)(4)(A)Trust”).	26-15
PART IX	ALTERNATIVE DRAFTING FORMS	
CHAPTER 27	ALTERNATIVE DRAFTING FORMS.	27-1
27.1	Special Testamentary Trusts	27-1
	27.1.1 Trust for Family Residence (for Benefit of Surviving Spouse for Life, Remainder to Children)	27-1
	*Form 27-1: Trust for Family Residence (for Benefit of Surviving Spouse for Life, Remainder to Children)	27-1
	27.1.2 Trust for Vacation Home (for Benefit of Children).	27-2
	*Form 27-2: Trust for Vacation Home (for Benefit of Children)	27-2
	27.1.3 Trusts Primarily for Education of Descendants	27-3
	*Form 27-3: Grandchildren’s Educational Trust: General Standards with Preference for Education	27-3

CONTENTS

	*Form 27-4:	Incentive and Distribution Provisions for Children to Attend College	27-3
	*Form 27-5:	Flexible Guidelines for Trustee for Educational Costs	27-4
	*Form 27-5A:	Guidelines to Trustee Regarding Education and Premium on Gainful Employment	27-4
27.1.4	Credit Shelter/Bypass Trust Giving Surviving Spouse Limited Power of Appointment of Trust Remainder.		27-4
	*Form 27-6:	Credit Shelter/Bypass Trust Giving Surviving Spouse Limited Power of Appointment of Trust Remainder.	27-4
27.1.4A	Creation of Separate Disclaimer Trust (in Conjunction with a Bypass Trust) to Hold Disclaimed Assets Where a Power of Appointment Is Utilized		27-5
	*Form 27-6A:	Will Provision Creating Separate Disclaimer Trust (in Conjunction with a Bypass Trust) to Hold Disclaimed Assets Where a Power of Appointment Is Utilized	27-6
	*Form 27-6B:	Revocable Trust Provision Creating Separate Disclaimer Trust (in Conjunction with a Bypass Trust) to Hold Disclaimed Assets Where a Power of Appointment Is Utilized	27-6
27.1.5	Qualified Domestic Trust		27-6
	*Form 27-7:	Qualified Domestic Trust (QDOT)	27-6.1
27.1.6	QTIP Trust Provisions for Spouse in Nursing Home		27-8.1
	*Form 27-8:	QTIP Trust Provisions for Spouse in a Nursing Home	27-8.2
27.1.7	Generation-Skipping Trust — General Power of Appointment upon Child's Death to Prevent Imposition of GST Tax		27-10
	*Form 27-9:	Generation-Skipping Trust — Providing for General Power of Appointment upon Child's Death to Prevent Imposition of GST Tax	27-10
27.1.8	Trust for Client's Parents after Client's Death		27-11
	*Form 27-10:	Trust for Client's Parents after Client's Death (Broad)	27-11
	*Form 27-11:	Narrow Form (Distribution to Parents Only after Proper Provision for Spouse and Children)	27-12
27.1.9	Graduated Distribution of Net Income to Child		27-12
	*Form 27-11A:	Graduated Distribution of Net Income to Child	27-12

CONTENTS

27.1.10	Bypass Trust to Supplement Spouse's Other Income (from Spouse's Family Trust Fund)	27-12.1
	*Form 27-11B: Bypass Trust to Supplement Spouse's Income of Spouse's Family Trust Fund Does Not Provide Adequate Support (Objective Threshold).	27-12.1
27.1.11	Discretion of Trustee to Withhold Trust Distributions in Certain Adverse Circumstances for Beneficiary (e.g., Drug Abuse, Marital Dissolution Pending)	27-12.2
	*Form 27-11C: Guidelines to Trustee on Interest Regarding Education and Premium on Gainful Employment	27-12.2
27.1.12	Beneficiary's Rights of Withdrawal at Specified Ages Instead of Mandatory Distributions of Principal to Beneficiary at Specified Ages.	27-12.3
	*Form 27-11D: Descendant's Trust with Rights of Withdrawal at Specific Ages (25, 30 and 35), Mandatory Distribution of Income; General Distribution of Principal per "Ascertainable Standard"	27-12.3
27.2	Special Provisions for Closely Held Business Interest	27-12.4
27.2.1	Closely Held Business Power for Fiduciaries.	27-12.4
	*Form 27-12: Broad Closely Held Business Power for Fiduciaries.	27-12.5
27.2.2	Right of First Refusal	27-13
	*Form 27-13: Right of First Refusal for Disposition of Corporate Stock	27-13
	*Form 27-14: Right of First Refusal for Disposition of Interest in Limited Liability Company.	27-13
27.2.3	Compliance with "Buy-Sell".	27-15
	*Form 27-15: Compliance with "Buy-Sell"	27-15
27.3	Disposition of Bodily Parts	27-15
27.3.1	Cremation	27-15
	*Form 27-16: Cremation	27-15
27.3.2	Anatomical Gifts	27-15
	*Form 27-17: Anatomical Gift: Statutory Form (During Lifetime)	27-16
	*Form 27-18: Anatomical Gift: Confirmation and Direction in Will	27-16
27.4	Specific Bequests	27-17
27.4.1	Specific Bequest of Tangible Personal Property of Life Estate to Spouse.	27-17
	*Form 27-19: Specific Bequest of Tangible Personal Property of Life Estate to Spouse.	27-17

CONTENTS

27.4.2	Specific Bequests to Grandchild under Maryland Uniform Transfers to Minors Act	27-17
	*Form 27-20: Specific Bequests to Grandchild under Maryland Uniform Transfers to Minors Act	27-17
27.4.3	Gift to Surviving Spouse in Trust Until Death or Remarriage	27-18
	*Form 27-21: Gift to Surviving Spouse in Trust until Death or Remarriage.	27-18
27.4.4	Specific Bequest of Tangible Personal Property: Division by Lot	27-18
	*Form 27-21A: Specific Bequest of Tangible Personal Property: Division by Lot.	27-18
27.4.5	Cash Gifts to Individual Beneficiaries	27-18
	*Form 27-21B: Cash Gifts to Individual Beneficiaries — Contingent Upon Survival.	27-18.1
	*Form 27-21C: Cash Gifts to Individual Beneficiaries with Gift Over if Named Beneficiary Fails to Survive.	27-18.1
27.4.6	Cash Gifts to Charities	27-18.1
	*Form 27-21D: Cash Gifts to Charity with Suggested Allocation of Gift	27-18.1
	*Form 27-21E: Cash Gift to Charity — Limited by a Percentage of Estate	27-18.2
27.4.7	Specific Bequest of Stock	27-18.2
	*Form 27-21F: Specific Bequest of Stock — No Contingent Beneficiaries.	27-18.2
	*Form 27-21G: Specific Bequest of Stock — Contingent Beneficiaries	27-18.2
27.4.8	Outright Bequest of Residuary Estate to More Than One Legatee in Equal Shares	27-18.2
	*Form 27-21H: Outright Bequest of Residuary Estate to More Than One Legatee in Equal Shares	27-18.3
27.4.9	Transferring Property Subject to Mortgage	27-18.3
	*Form 27-21I: Direction to Personal Representative to Pay Mortgage from Estate	27-18.4
	*Form 27-21J: Authorization to Pay Off Mortgage	27-18.4
27.5	Special Provisions Where Estate Consists of Stock in Subchapter S Corporation	27-18.4
27.5.1	Subchapter S Provisions	27-18.4
	*Form 27-22: Subchapter S Provisions.	27-18.5
27.6	Miscellaneous Provisions	27-19
27.6.1	Specific Exercise of Testamentary Power of Appointment.	27-19

CONTENTS

	*Form 27-23:	Specific Exercise of Testamentary Power of Appointment	27-20
27.6.2		Forgiveness of Debt at Death	27-20
	*Form 27-24:	Forgiveness of Debt at Death (Unrecorded Debt)	27-20
	*Form 27-25:	Forgiveness of Debt at Death (Recorded Mortgage)	27-21
27.6.3		Catch-All/Ultimate Beneficiary — to Various Charities	27-21
	*Form 27-26:	Catch-All/Ultimate Beneficiary — to Various Charities	27-21
27.6.4		Marital Deduction Equalization Clause	27-21
	*Form 27-27:	Marital Deduction Equalization Clause	27-22
27.6.5		Omittal of Spouse — Second Marriage	27-23
	*Form 27-28:	Omittal — Spouse from Second Marriage	27-23
27.6.6		Omittal Due to Religious Affiliation or Joining of Cult	27-23
	*Form 27-29:	Omittal — Due to Religious Affiliation	27-23
	*Form 27-30:	Omittal — Due to Joining of Cult	27-24
27.6.7		Request for Use of Specific Investment Advisor	27-24
	*Form 27-31:	Request for Use of Specific Investment Advisor	27-24
27.6.8		Request for Use of Specific Attorney to Handle/Advise Estate Administration	27-24.1
	*Form 27-32:	Request for Use of Specific Attorney to Handle/Advise Estate Administration	27-24.1
27.6.9		<i>In Terrorem</i> Provision	27-24.1
	*Form 27-33:	<i>In Terrorem</i> Provision	27-24.1
	*Form 27-33A:	Omittal with Broad <i>in Terrorem</i> Provisions	27-24.2
27.6.10		Provision Specifically Naming Children in Will	27-24.3
	*Form 27-34:	Provision Specifically Naming Children in Will	27-24.3
	*Form 27-34A:	Provision Specifically Referencing Children of a Prior Marriage; No Children from Current Marriage	27-24.3
	*Form 27-34B:	Provision Specifically Referencing Children of Current Marriage and Prior Marriage	27-24.3
27.6.11		Alternative Tax Clause — Apportionment for Nonprobate Property	27-25
	*Form 27-35:	Alternative Tax Clause — Apportionment for Nonprobate Property	27-25

CONTENTS

27.6.12	Alternative Tax Clause — Exclusion of Certain Taxes	27-26
	*Form 27-36: Alternative Tax Clause — Exclusion of Certain Taxes	27-26
27.6.13	Alternative Tax Clauses — Full Apportionment and “Split” Apportionment	27-26
	*Form 27-36A: Alternative Tax Clause — Apportionment for all Property under Maryland Apportionment Statute (Unmarried Testator)	27-26
	*Form 27-36B: Alternative Tax Clause — for Probate Property, Property under Revocable Trust and Other Property (Unmarried Testator)	27-27
27.7	Provisions Dealing with Trustees	27-27
27.7.1	Compensation of Trustee.	27-27
	*Form 27-37: Trustees to Serve Without Compensation.	27-28
	*Form 27-38: Trustees to Receive Reasonable Compensation; Published Fee Schedule for Corporate Trustee	27-28
	*Form 27-39: Fee Based upon Statutory Commissions	27-28
	*Form 27-40: Fee Schedule for Corporate Trustee; Aggregation of Trusts to Determine Fee	27-28
	*Form 27-40A: Fee Schedule for Corporate Trustee— Long Form	27-28
27.7.2	Succession of Trustees	27-28.1
	*Form 27-41: Corporate Trustee as Final Successor	27-28.1
	*Form 27-42: Named Trustees Designate Successor	27-28.1
	*Form 27-42A: Provision for Successive Trustees/ Remaining Trustee to Designate Successor/Corporate Trustee as Ultimate (Comprehensive Clause)	27-28.1
27.7.3	Resignation and Appointment of Trustees	27-28.2
	*Form 27-43: Resignation of Trustee	27-28.2
	*Form 27-44: Designation of Co-Trustee by Settlor under Revocable Trust Agreement	27-29
	*Form 27-45: Designation of Co-Trustee by Remaining Trustee under Irrevocable Trust Agreement following Resignation of Trustee	27-30

CONTENTS

	*Form 27-46:	Acceptance by Newly-Appointed Trustee under Revocable Trust Agreement	27-31
	*Form 27-47:	Acceptance by Newly-Appointed Trustee under Irrevocable Trust Agreement	27-32
	*Form 27-47A:	Declination by Trustee Appointed as Successor Trustee under Trust Agreement	27-32
27.7.4	Changes in Trust Situs		27-32.1
	*Form 27-47B:	Changes in Trust Situs	27-32.1
27.8	Amendments and Restatements to Revocable Trust Agreements		27-32.2
	*Form 27-48:	Amendment to Revocable Trust Agreement.	27-33
	*Form 27-49:	Amendment and Restatement of Revocable Trust Agreement	27-35
27.9	Electing Out of Common Law Rule Against Perpetuities.		27-37
	*Form 27-50:	Electing Out of Rule Against Perpetuities — Will Provision.	27-37
	*Form 27-51:	Electing Out of Rule Against Perpetuities — Trust Agreement Provision.	27-37
27.10	Special Trustee Powers for Survivorship Life Insurance Trust.		27-37
	*Form 27-52:	Provision Authorizing Trustees to Sell Insurance Policy to Children	27-38
	*Form 27-53:	Additional Provision Regarding Use of Insurance Proceeds	27-38
27.11	Additional Provision for Personal Representatives after EGTRRA		27-38
	*Form 27-54:	Authorization to Personal Representative to Allocate Basis to Specific Assets — with Exoneration Provision	27-39
27.12	“CAP” of Non-Marital Share		27-39
	*Form 27-55:	Cap to Limit Size of Non-Marital Share	27-39
27.13	Additional Request and Guidance to Guardians of Minor Children.		27-40
	*Form 27-56:	Request That Guardians Allow Visitation by Grandparents.	27-40
	*Form 27-57:	Request That Children Be Raised in Orthodox Jewish Tradition — Rabbi to Be Consulted	27-40
	*Form 27-58:	Request to Preserve Relationship Between Children and Both Families	27-41
27.14	Formula Clauses in Light of Maryland’s “Decoupled” Estate Tax.		27-41
27.15	Special Provisions When Retirement Benefits Are Payable to a Marital QTIP Trust.		27-41
	*Form 27-59A	Form for Inclusion in Marital Trust Where Trust Is Designated as Beneficiary of Retirement Plan	27-42

CONTENTS

	*Form 27-59B	Form for Inclusion in Fiduciary Power Section Dealing with Retirement Benefits Payable to Trusts.	27-42
27.16	Attachment to Beneficiary Designation Form to Accommodate Testamentary Planning with Trusts		27-43
	Form 27-60A:	Attachment to IRA Beneficiary Designation Form: Disclaimed Assets to Disclaimer Trust under Will of Participant, with Provisions for Children's/Descendant's Share to Trust Created under Will of Participant	27-44
	Form 27-60B:	Attachment to IRA Beneficiary Designation Form: Disclaimed Assets to Trustees under Will of Participant, with Provisions for Children's/Descendant's Share to Trust Created under Will of Participant	27-46
	Form 27-60C:	Attachment to IRA Beneficiary Designation Form: Disclaimed Assets to Family Trust/Bypass Trust/Credit Shelter Trust under Will of Participant, with Provisions for Children's/Descendant's Share to Trust Created under Will of Participant	27-48
27.17	Portability Election		27-50
	Form 27-61A:	Direction to Elect Portability — for Will	27-51
	Form 27-61B:	Direction to Elect Portability — for Revocable Trust	27-51
	Form 27-62A:	Authorization to Elect Portability — for Will	27-52
	Form 27-62B:	Authorization to Elect Portability — for Revocable Trust	27-52
	Form 27-63:	Expanded Will Authorization for Funeral Expenses	27-53
27.18	Conduit Trust for Descendant as Beneficiary of Retirement Plan		27-53
	*Form 27-64:	Conduit Trust for Benefit of Descendant — for Testamentary Trust Named as Beneficiary of Retirement Plan	27-54
27.19	Authority to Exercise Settlor's Powers over a Revocable Trust by Agent and Guardian		27-54
	*Form 27-65:	Authority to Exercise Settlor's Powers Over a Revocable Trust by Agent and Guardian — with Options	27-55
27.20	Trustee Powers to Decant, Distribute, Merge And Terminate Trusts		27-55
	*Form 27-66:	Decanting Provision: Authority to Distribute and Terminate	27-56
	*Form 27-67:	Alternative Decanting Provision in Trust	27-56
	*Form 27-68:	Authority to Merge Trusts	27-57
	*Form 27-69:	Simple Authority to Merge and Consolidate (One Trustee in Common)	27-57

CONTENTS

	*Form 27-70:	Authority to Consolidate for Investment and Administration (Without Formal Merger into One Legal Trust)	27-57
	*Form 27-71:	Simple Authority to Terminate	27-57
	*Form 27-72:	Authority to Terminate with Specific Dispositive Provisions Upon Termination	27-58
27.21		Additional Powers and Provisions for Corporate Trustee	27-58
	*Form 27-73:	Broad Investment Powers for Corporate Trustee including Authority to Invest in Affiliates	27-58
	*Form 27-74:	Removal Power over Corporate Trustee	27-59
	*Form 27-75:	Resolving Differences Between Family Trustee and Disinterested Trustee; Family Trustee Decision Governs if No Majority Decision	27-59
	*Form 27-76:	Resolving Differences Between Individual Trustee and Corporate Trustee; Individual Trustee Decision Governs; Non-Assenting Trustee Not Liable	27-60
27.22		Additional Dispositive Provision Authorizing Supplemental Distribution to Guardian of Minor Child for Increased Expenses of Additional Children	27-60
	*Form 27-77:	Authorizing Supplemental Distribution by Trustee to Guardian of Minor Child for Increased Expenses	27-61
27.23		Additional Provisions for Revocable Trusts	27-61
	27.23.1	Protecting Confidentiality — Buttressing and Encouraging Use of Trust Certifications and Affidavits	27-61
		*Form 27-78: Reliance by Third Parties on Affidavit or Certification of Trust — for Revocable Trust Agreement	27-61
	27.23.2	Alternative Schedule A to Revocable Trust Agreement	27-62
		*Form 27-79: Alternative Schedule A to Revocable Trust Agreement	27-62

PART X SUMMARIES OF SELECT ESTATE PLANNING PRACTICE AREAS AND STRATEGIES

CHAPTER 28	SELECT ESTATE PLANNING SUMMARIES: MARYLAND AND FEDERAL LAW	28-1
28.1	The Maryland Law of Intestacy and Necessity of Wills	28-1
	28.1.1 Overview	28-1
	28.1.2 Operation of Intestacy Law — Share of Surviving Spouse and Others	28-1
	28.1.3 Necessity of Will and Danger of Dying Intestate	28-2
	28.1.4 Necessity of Will Even with Other Forms of Testamentary Disposition	28-5

CONTENTS

	Form 28-A: Register of Wills Summary of Interstate Distribution in Maryland	28-6
28.2	Organizational Checklist of Will: Comments and Strategic Practice Pointers	28-7
28.2.1	Preamble/Exordium Clause (Introductory Paragraph)	28-7
28.2.2	Definitions and Appointment of Fiduciary (Section 1)	28-8
28.2.3	Funeral Arrangements (Section 2)	28-9
28.2.4	Debts (Section 3)	28-9
28.2.5	Specific Bequests; Disposition of Tangible Personal Property (Section 4); Principal Residence (Section 5)	28-10
28.2.6	Payment of Taxes (Section 6)	28-11
28.2.7	Residuary Estate (Section 8)	28-12
28.2.8	Dispositive Provisions (Other than Specific Bequests) (Sections 7 and 9)	28-13
28.2.9	The “Catastrophic”/ “Catch-all” Provision (Section 10)	28-13
28.2.10	Fiduciary Powers/Administrative Provisions Re: Trustees and Personal Representatives (Section 11 for Trustees and Section 13 for Personal Representatives)	28-13
28.2.11	Insurance or Pension Plan (Section 12)	28-15
28.2.12	Spendthrift and Facility of Payment Provisions (Section 14)	28-15
28.2.13	Survivorship/Simultaneous Death (Section 15)	28-16
28.2.14	Rule Against Perpetuities (Section 16)	28-16
28.2.15	Gender (Section 17)	28-16
28.2.16	Headings (Section 18)	28-16
28.2.17	Signature and Attestation Clauses (Final Paragraphs)	28-17
28.3	The Transfer Tax System under EGTRRA, TRA 2010, ATRA 2012 and TCJA	28-17
28.3.1	The Basics and the State of Affairs Before EGTRRA	28-18
28.3.2	EGTRRA: Highlights and Summary (Before TRA 2010, ATRA 2012 and TCJA)	28-19
28.3.3	Summary Chart: Estate, Gift and GST Tax Changes under EGTRRA (Before TRA 2010, ATRA 2012 and TCJA)	28-22
28.3.4	TRA 2010 (for 2010, 2011 and 2012): Highlights and Summary	28-24
28.3.4.1	A 2010 Year-End Surprise.	28-24
28.3.4.2	Estate Tax	28-24
28.3.4.3	Generation-Skipping Transfer (GST) Tax.	28-24
28.3.4.4	Gift Tax	28-25
28.3.4.5	Portability	28-25
28.3.4.6	Election for 2010.	28-25
28.3.4.6.1	In General	28-25
28.3.4.6.2	Making the Decision	28-25

CONTENTS

	28.3.4.6.3	Forms and Filing Deadlines	28-25
	28.3.4.7	Chart Summarizing Changes in TRA 2010	28-26
28.3.5		ATRA 2012: Highlights and Summary	28-27
	28.3.5.1	A New Year's Day 2013 Surprise	28-27
	28.3.5.2	Permanent Estate, Gift and Generation- Skipping Tax (GST) Exemptions of \$5,000,000 (With Indexing)	28-27
	28.3.5.1.1	2012 Exemptions: Unified and Permanent	28-27
	28.3.5.2.2	Comment on Significance and Effects	28-28
	28.3.5.2.2.1	No Sunset of \$1 Million and Predictability	28-28
	28.3.5.2.2.2	"Clawback".	28-28
	28.3.5.3	Increase in Tax Rates	28-28
	28.3.5.4	Portability is Made Permanent	28-29
	28.3.5.4.1	Basic Concept Re: Utilizing Spouse's Unused Exemption Amount	28-29
	28.3.5.4.2	Electing Portability	28-30
	28.3.5.4.3	IRS Simplifies Surviving Spouse Portability Election	28-30
	28.3.5.4.4	Effective Dates	28-31
	28.3.5.4.5	The <u>Last</u> Deceased Spouse Requirement	28-31
	28.3.5.5	Chart Summarizing Federal Estate, Gift and GST Changes under ATRA 2012 (for 2013 and Subsequent Years)	28-32
28.3.6		The New Era of Estate Planning Since 2011	28-32
	28.3.6.1	Impact of ATRA 2012 on Forms and Formula Clauses Due to Increased Permanent Federal Estate Tax Exemption	28-33
	28.3.6.2	Portability vs. Bypass/Credit Shelter Trusts: Factors to Consider in Planning	28-35
	28.3.6.3	Selection of Forms and Strategies for Wills and Revocable Trusts to Integrate Issues with Formula Clauses and Portability	28-39

CONTENTS

	28.3.6.3.1	Portability as a Game Changer But Still Need Credit Shelter Trusts	28-39
	28.3.6.3.2	Portability in Tandem with Credit Shelter Trusts	28-40
	28.3.6.3.3	Drafting Alternatives after ATRA 2012	28-40
28.3.7		Integrated Drafting in Light of Maryland's "Decoupled" Estate Tax	28-44
28.3.8		The Tax Cuts and Jobs Act of 2017 ("TCJA"): A "New" Era of "Non-Permanent" Estate Planning	28-44
	28.3.8.1	Estate Tax Changes Wrought by TCJA	28-44
	28.3.8.1.1	Increase in Exemptions	28-44
	28.3.8.1.2	Tax Rate	28-45
	28.3.8.1.3	Portability	28-45
	28.3.8.1.4	Basis Step-Up Retained Despite Large Increased Exemptions	28-45
	28.3.8.1.5	Sunset of "Doubled" Exemption	28-45
	28.3.8.1.6	Charts Depicting Changes in TCJA	28-45
	28.3.8.2	Gifting Strategy During TCJA High Exemption Period	28-47
	28.3.8.2.1	Strategy Due to Temporary Nature of TCJA	28-47
	28.3.8.2.2	"Clawback" Concern and IRS Favorable Announcement	28-48
	28.3.8.2.3	Impact of Lifetime Gifts on Maryland Estate Tax	28-48
28.4		Generation-Skipping Transfer Tax — with ATRA 2012 Modifications	28-49
	28.4.1	Purpose	28-49
	28.4.2	Mechanics and Application	28-49
	28.4.3	Transfers Subject to GST Tax	28-49
	28.4.4	Transfers Exempt from GST Tax	28-51
	28.4.5	Computing GST Tax	28-52
	28.4.6	Administration and Return Requirements	28-52
28.5		" <i>Per Stirpes</i> " and " <i>Per Capita</i> ": Explanation and Examples	28-53
28.6		Formula Clauses for Marital and Bypass Trusts — Some Technical Considerations	28-55
28.7		Spousal Right of Election in Maryland	28-57
	28.7.1	Statutory Share	28-57
	28.7.2	Statutory Share and the Augmented Estate	28-57
28.8		QDOTs and the Noncitizen Spouse	28-58

CONTENTS

28.8.1	Citizenship of Donee and the Marital Deduction	28-58
28.8.2	Gift Tax Issues.	28-59
28.8.2.1	Joint Tenancies	28-60
28.8.2.2	Joint and Survivor Annuities.	28-60
28.8.3	Estate Tax Issues	28-61
28.8.4	The Qualified Domestic Trust (QDOT)	28-62
28.8.4.1	Introduction.	28-62
28.8.4.2	Distinguishing Features of a QDOT	28-63
28.8.4.3	Requirements for QDOTs under the Treasury Regulations	28-64
28.8.4.3.1	Ordinary Trust	28-64
28.8.4.3.2	Governing Law	28-64
28.8.4.3.3	U.S. Trustee	28-64
28.8.4.3.4	Right to Withhold Tax	28-64
28.8.4.3.5	Qualified Marital Interest Requirements.	28-65
28.8.4.3.6	Security and Other Arrangements for Payment of Tax — QDOTs with Assets Over \$2 Million	28-65
28.8.4.3.7	Security and Other Arrangements for Payment of Tax — QDOTs with Assets of \$2 Million or Less	28-66
28.8.5	Use of the Bypass Trust for Surviving Non-Citizen Spouse.	28-68
28.9	Assets Passing Outside the Will (Nonprobate Assets) by Operation of Law	28-68
28.9.1	Jointly Owned Property.	28-69
28.9.1.1	Tenancy-in-Common	28-69
28.9.1.2	Joint Tenancy with Right of Survivorship.	28-69
28.9.1.2.1	Federal Estate Tax	28-70
28.9.1.2.2	Maryland Inheritance Tax	28-70
28.9.1.3	Tenancy by the Entirety	28-70
28.9.2	Bank Accounts in Maryland	28-71
28.9.3	Community Property.	28-71
28.9.4	Life Insurance	28-72
28.9.5	Qualified Retirement Plan Assets	28-72
28.10	Proper Will Formalities in Maryland — Execution, Revocation, and Amendment: Technical Requirements and Practical Considerations	28-72
28.10.1	Requirements of Will Execution	28-72
	*Form 28-1: Instruction Sheet for Client Where Attorney Does Not Supervise Execution of Will	28-74

CONTENTS

28.10.2	Who May Execute a Will and Codicil	28-75
28.10.3	Testamentary Capacity	28-75
28.10.3.1	The Maryland Standard.	28-75
28.10.3.2	Special Circumstances Affecting Testamentary Capacity	28-76
28.10.4	Proper Will Revocation and Amendment	28-77
*Form 28-2:	Sample Codicil	28-78
28.10.5	Holographic Wills and Other Important Considerations for Wills under Maryland Law	28-79
28.11	Estate Tax Deduction For Qualified Family-Owned Businesses—Repealed	28-80
28.12	The Fading Maryland Inheritance Tax	28-80
*Form DP-1:	Affidavit of Domestic Partnership	28-83
28.13	Maryland’s “Decoupled” Estate Tax, “State-Only QTIP,” “Recoupling” Legislation and Second Decoupling.	28-85
28.13.1	Introduction and Overall Impact.	28-85
28.13.2	Historical Analysis: Maryland “Decouples” from the Federal Exemption	28-86
28.13.2.1	The Maryland Trigger/Exemption	28-86
28.13.2.2	The General Effect of Decoupling	28-87
28.13.2.3	The Advent of the “Maryland QTIP” Trust	28-87
28.13.2.4	Overall Consequences of Decoupling.	28-87
28.13.2.5	Chart Depicting Effect of Maryland Decoupling on Fully Funded Bypass Trust	28-88
28.13.3	Current Maryland Estate Tax Beginning 2019	28-89
28.13.3.1	Portability of Maryland Exemption Beginning 2019	28-89
28.13.3.2	Continued Applicability of State-Only QTIPs.	28-90
28.13.3.3	Reduction but Not Elimination of Tax	28-90
28.13.3.4	Effect on Non-Citizen Spouse Problem	28-90
28.13.3.5	No Change in Maryland Inheritance Tax	28-91
28.13.3.6	Effects of Lifetime Gifts	28-91
28.13.4	Reserved	28-91
28.13.5	The 16% Cap.	28-91
28.13.6	State-Only QTIP	28-91
28.13.6.1	Election and Effect	28-91
28.13.6.2	Practical Effect	28-92
28.13.6.3	Effect of Decoupling Legislation on Bypass Trusts for Married Couples.	28-93
28.13.6.3.1	Summary of “Bypass Trust” Technique	28-93

CONTENTS

28.13.7	The Estate Planner's Opportunity and Challenge in Maximizing Exemptions and Utilizing the Maryland QTIP. . .	28-94
28.13.7.1	General Objectives and Strategies	28-94
28.13.7.2	Disclaimer-Based Structure	28-95
28.13.7.2.1	Purpose and Use	28-95
28.13.7.2.2	Risks	28-95
28.13.7.2.3	The Power of Appointment Trap	28-95
28.13.7.2.4	Power of Attorney — Disclaimer Authorization Language	28-96
28.13.7.2.5	Jointly Held Assets	28-96
28.13.7.2.6	Sample Forms	28-96
28.13.7.2.7	Description and Features of Forms.	28-97
28.13.7.3	Divisible QTIP-Based Structure	28-98
28.13.7.3.1	Purpose and Use	28-98
28.13.7.3.2	Comparison with Disclaimer Trust Strategy	28-98
28.13.7.3.2.1	Who Makes the Election?..	28-98
28.13.7.3.2.2	Time Allotted for Decision	28-99
28.13.7.3.3	Sample Forms	28-99
28.13.7.3.4	Description and Features of Forms.	28-99
28.13.7.4	The Clayton QTIP Structure	28-99
28.13.7.4.1	Purpose and Use	28-99
28.13.7.4.2	Advantages over Single QTIP and Disclaimer Options.	28-100
28.13.7.4.3	Independent Personal Representative for QTIP Election	28-100
28.13.7.4.4	Form and Description	28-100
28.13.7.5	Formula-Based Structures.	28-101
28.13.7.5.1	Forms.	28-101
28.13.7.5.2	Purpose and Use/Description of Forms.	28-101
28.13.7.5.3	The Flexible Formula Approach/2+ Shares (Forms 28-12A and 28-12B)	28-102
28.13.7.5.4	The Fixed 3 Share/Bucket Approach (Form 28-13).	28-102

CONTENTS

	28.13.7.5.5	Chart Depicting Funding and Allocation of 3 Shares	28-103
	28.13.7.5.6	Coordination with Generation-Skipping Planning	28-103
28.13.8		Lifetime Gifts to Counteract the Maryland Estate Tax	28-104
28.13.9		Importance of Domicile	28-105
28.13.10		The “Second Decoupling” of the Maryland Estate Tax for 2019 and On	28-106
	28.13.10.1	The New Fixed \$5 Million Exemption	28-106
	28.13.10.2	No Inflationary Adjustment.	28-107
	28.13.10.3	Portability Allowed	28-107
	28.13.10.4	Tax Rate Still Capped at 16%	28-107
	28.13.10.5	Planning under Second Decoupled Legislation.	28-107
28.13.11		Listing of Forms for Section 28.13	28-107
	Form 28-5:	MET 1, Maryland Estate Tax Return with Instructions (for Decedent’s Dying after December 31, 2019 and before January 1, 2021)	28-110
	Form 28-6A:	Residuary Estate All to Spouse with Disclaimer-Activated Divisible Marital Trust (for Will)	28-121
	Form 28-6B:	Residuary Corpus upon Settlor’s Death to Spouse with Disclaimer-Activated Divisible Marital Trust (for Revocable Trust)	28-124
	Form 28-7:	Residuary Estate All to Spouse with Disclaimer-Activated Spray/Non-Leaking Family Trust (for Will)	28-128
	Form 28-8:	Power to Divide Trusts for QTIP, GST and Subchapter S Purposes.	28-129
	Form 28-9A:	Residuary Estate to Divisible QTIP Trust (for Will)	28-129
	Form 28-9B:	Residuary Corpus upon Settlor’s Death to Divisible QTIP Trust (for Revocable Trust)	28-132
	Form 28-10:	Residuary Estate to Divisible QTIP Trust with Option for Disclaimer-Activated Spray/Non-Leaking Family Trust (for Will)	28-136
	Form 28-11:	Clayton QTIP: Residuary Estate to Divisible QTIP Trust with Non-Elected QTIP to Spray/Non-Leaking Family Trust	28-140

CONTENTS

Form 28-12A:	Flexible Formula Structure: Family Share (Full Use of Lower of Federal and Maryland Exemption) to Spray/ Non-Leaking Family Trust, Balance (Marital Share) to Divisible QTIP Trust with Options for State-Only QTIP (for Will)	28-144
Form 28-12B:	Flexible Formula Structure: Family Share (Full Use of Lower of Federal and Maryland Exemption) to Spray/ Non-Leaking Family Trust; Balance (Marital Share) to Divisible QTIP Trust with Option for State-Only QTIP (for Revocable Trust)	28-147
Form 28-13:	Fixed Formula Structure/3 Shares: Share #1 (Full Use of Lower Federal and Maryland Exemption) to Spray/ Non-Leaking Family Trust, Share #2 (Excess of Remaining Federal Exemption over Remaining State Exemption) to QTIP/Marital Trust (State-Only QTIP) Share #3 Outright to Spouse	28-152
Form 28-14:	Chart Depicting Funding and Allocation of Federal and Maryland Estate Tax Exemptions to 3 Trust Shares	28-156
Form 28-15:	Chart Depicting Funding and Allocation of Federal and Maryland Estate Tax Exemptions, and GST Exemption to 3 Trust Shares.	28-158
Form 28-16:	Sample Provisions for Division of (GST) Exempt and Non-Exempt Shares upon Death of Surviving Spouse	28-160
Form 28-17:	GST Provisions: Allocation and Administration of Trusts.	28-160
Form 28-18:	Sample Provisions for Division of GST Exempt and Non-Exempt Shares upon Death of Surviving Spouse; Exempt Share Capped at One-Half of Corpus Available for Distribution; other Features Include “5 & 5” Power and Testamentary Limited Power of Appointment for Child (Adaptable with Form 28-12A and Most Will Forms in Chapter 28.12).	28-162
28.14	Estate Planning Issues for Same-Sex Couples in Maryland	28-163

CONTENTS

28.14.1	2013 Developments	28-164
28.14.1.1	Maryland Law Legalizes Same-Sex Marriages	28-164
28.14.1.2	The <i>Windsor</i> Decision	28-164
28.14.1.3	The <i>Obergefell</i> Decision	28-164
28.14.1.4	<i>Revenue Ruling 2013-17</i> Clarifies Application of <i>Windsor</i>	28-165
28.14.2	Estate Planning Implications of Same-Sex Marriages in Maryland	28-165
28.15	Impact of the Maryland Trust Act	28-165
28.15.1	Background, Purpose and Effect	28-165
28.15.2	Default Provisions and Mandatory Provisions	28-166
28.15.3	The Mandatory Rules	28-166
28.15.4	Selected Provisions	28-167
28.15.5	Provisions Regarding Revocable Trusts	28-167
28.15.5.1	Capacity for Revocable Trust	28-167
28.15.5.2	Presumption of Revocability	28-168
28.15.5.3	Powers of Settlor Exercisable by Agent and Guardian	28-168
28.15.5.3.1	Power of Settlor Exercisable by Agent	28-168
28.15.5.3.2	Power of Settlor Exercisable by Guardian	28-168
28.15.5.4	Trustees Duties to Settlor and Others	28-169
28.16	Estate Planning for Flexibility in the Face of Legislative Uncertainty	28-169
28.16.1	Future of Transfer Tax Unknown	28-169
28.16.2	Emphasis on Flexibility	28-169
28.16.3	QTIPs and Clayton QTIPs	28-169
28.16.4	The Good Old Disclaimer	28-169
28.16.5	Basis Adjustment Planning	28-169
28.26.5.1	Using Independent Trustee to Provide Flexibility for Estate Tax Inclusion (and Basis Step-Up)	28-171
28.26.5.1.1	Give an Independent Trustee Broad Power to Distribute Trust Property Outright	28-171
28.26.5.1.2	Give an Independent Trustee or a Third Party the Authority to Grant a Testamentary General Power of Appointment	28-171

*Form 28-19: Power of

CONTENTS

	Disinterested Trustee to Confer a Beneficiary with Testamentary General Power of Appointment	28-172
*Form 28-20:	Power of Disinterested Trustee May Confer Testamentary Power of Appointment to Creditors of Beneficiary's Estate; Trustee May Require Consent of Trustee to Exercise.	28-172
28.16.5.2	Substitution Powers to Achieve Pre-Death Basis Step-up	28-173
28.16.6	Power to Delay Distribution to Beneficiary/Responding to Future Events/Incentives for Education	28-173
28.16.7	Decanting and Moving Assets to Different Trusts	28-173
28.16.8	Powers to Change Trust Situs and Governing Law.	28-174
28.16.9	Flexibility to Distribute Income to Charity.	28-174
*Form 28-21:	Authority of Trustee to Distribute Income to Charity.	28-175
CHAPTER 29 SELECTED PLANNING STRATEGIES AND		
	TECHNIQUES	29-1
29.1	Use of "5 & 5" Powers in Trusts.	29-1
29.2	Flexible Estate Planning with Limited Powers of Appointment.	29-2
29.3	Trusts for Children — Pot Trusts vs. Separate Trusts.	29-3
29.4	The Pitfall of Joint Ownership by Spouses and Solutions	29-4
29.5	Selection of Personal Representatives, Trustees, and Guardians: Strategies and Recommendations	29-5
29.5.1	Personal Representatives (Executors).	29-5
29.5.2	Trustees	29-7
	29.5.2.1 Sucession, Removal, and Replacement of Trustees — Tax Aspects	29-7
29.5.3	Guardians	29-8

CONTENTS

29.6	Use of Disclaimers in Planning Beneficiary Designations	29-9
29.7	Techniques to Reduce Taxes in Connection with Specific Bequests or Cash Legacies	29-9
29.7.1	Where Beneficiary Other than Spouse Is Intended Recipient — Planning for Reduction of Federal Estate Taxes and Maryland Inheritance Tax	29-10
29.7.2	Where Charity Is Intended Recipient	29-11
29.8	Preserving Wealth with a Dynasty (GST) Trust	29-11
29.9	Outright Marital Bequest vs. Trust for Spouse: Planning Considerations.	29-12
29.10	Revised Planning for Surviving Spouse after Death of First Spouse	29-13
29.10.1	Planning for Remarriage: QTIP Trust/Prenuptial Agreements	29-13
29.10.2	Use of the Residence.	29-14
29.10.3	The QTIP Trust — Tax Traps upon the Surviving Spouse's Death	29-14
29.10.4	Credit Shelter/Bypass Trusts: Strategic Use During Lifetime of Surviving Spouse	29-15
29.11	The Credit Shelter/Bypass Trust: Rights and Protections Available to Surviving Spouse and Asset Protection Considerations	29-16
29.11.1	Rights of Surviving Spouse in Credit Shelter Trust	29-16
29.11.2	Selecting the Appropriate Allocation of Income and Principal Among the Spouse and Beneficiaries	29-17
29.11.3	Structuring Credit Shelter/Bypass Trust as Asset Protection Trust	29-18
29.12	Strategies for Financing the Payment of Estate Taxes on the Business Entity — Statutory Elections by Executors	29-18
29.12.1	Section 2032A Special Use Valuation for Farms	29-19
29.12.2	Section 303 Redemption to Pay Estate Taxes and Administration Expenses	29-20
29.12.3	Section 6166 Deferral of Estate Taxes for Closely Held Businesses	29-21

PART XI POWERS OF ATTORNEY

CHAPTER 30	DURABLE POWERS OF ATTORNEY FOR FINANCIAL MATTERS	30-1
30.1	The Durable Power of Attorney — A Critical Document	30-1
30.2	General vs. Limited Power	30-1
30.3	Fundamental Issues in Preparing a Durable General Power of Attorney	30-2
30.3.1	Effective Time of Power	30-2
30.3.2	Designation of the Attorney-in-Fact	30-3
30.3.3	Gift-Giving Powers	30-4

CONTENTS

*Form 30-1:	Durable General Power of Attorney — Effective Upon Execution.	30-4.1
*Form 30-1A:	Indemnification Language to Induce Third Party’s Acceptance of POA.	30-7
*Form 30-2:	Durable General Power of Attorney — Effective Upon Disability.	30-7
*Form 30-3:	Limited Power of Attorney (for Handling Real Estate Settlement).	30-11
*Form 30-4:	Limited Power of Attorney for Limited Duration	30-13
*Form 30-5:	Grant to Two Attorneys-in-Fact Acting Jointly or Severally.	30-15
*Form 30-6:	Grant to Two Attorneys-in-Fact Acting Jointly (Not Severally)	30-15
*Form 30-7:	Broad Gift-Giving Power With Power to Disclaim	30-15
*Form 30-8:	Gifts to Children and Grandchildren Limited Annually to \$10,000 plus Tuition and Medical Costs	30-15
*Form 30-9:	Gifts to Children and Grandchildren Consistent with Past Gifts	30-15
*Form 30-10:	Broad Gift-Giving Power with Power to Disclaim; Gifts to Attorney-in-Fact Limited to “5 & 5” Power to Avoid General Power of Appointment	30-16
*Form 30-10A:	Gift-Giving Limited to Incapacity; Broad-Gifts Permitted If Death is “Imminent” and for Estate Tax Savings; Disclaimer Power.	30-16
*Form 30-11:	Escrow Agreement for Durable Power of Attorney	30-17
*Form 30-12:	Affidavit as to Power of Attorney Being in Full Force.	30-17
*Form 30-12A:	Affidavit as to Power of Attorney Being in Full Force (Morgan Stanley) . .	30-18
*Form 30-13:	Powers Re: Government Benefit	30-19
*Form 30-14:	Gifting Power for Medicaid and Long-Term Care Planning	30-20
*Form 30-15:	Gifting Power for Medicaid Planning- Alternate Form	30-20
*Form 30-16:	Power Regarding Mail	30-21
*Form 30-17:	Authorizing Disclosure of Medical Information under HIPAA	30-21
*Form 30-18:	Power to Provide for Support of Principal and Dependents)	30-21

CONTENTS

CHAPTER 30A	2010 MARYLAND GENERAL AND LIMITED POWER OF ATTORNEY ACT	30A-1
30A.1	General	30A-1
30A.2	Backdrop of New Law	30A-1
30A.2.1	Refusal to Accept Valid Power	30A-1
30A.2.2	Abuse by Agents	30A-2
30A.3	“Statutory Forms” under the 2010 POA Act and their Advantages	30A-2
30A.3.1	The “Substantially in the Same Form As” Test	30A-2
30A.3.2	Remedies for Refusing to Honor a Statutory Power	30A-2
30A.3.2.1	Mandatory Acceptance	30A-2
30A.3.2.2	Remedies for Refusal to Accept	30A-3
30A.3.2.3	Not Using Statutory Powers	30A-3
30A.4	The Statutory Forms	30A-3
30A.4.1	The Personal Financial Power of Attorney	30A-4
30A.4.2	The Limited Power of Attorney	30A-4
30A.4.3	Choice Between the Statutory Forms	30A-4
30A.5	Durability	30A-5
30A.6	Standing	30A-5
30A.7	New Execution Requirements	30A-5
30A.8	“Substantially In The Same Form As” Test	30A-6
30A.8.1	“Special Instructions”	30A-6
30A.8.2	Adequacy of Personal Financial Power of Attorney/Use of Supplemental Power	30A-6
30A.8.3	Sample Powers to Add to Statutory Personal Financial Power of Attorney	30A-7
30A.8.4	Using Statutory Personal Financial Power of Attorney as Exclusive Power	30A-10
30A.8.4.1	Simplicity and Enforceability	30A-10
30A.8.4.2	Inclusion of Revocation Language in Special Instructions of Statutory Form	30A-10
30A.8.4.3	Other Provisions for Special Instructions	30A-10
30A.9	New Agent Responsibilities and Duties	30A-10
30A.10	Reimbursement of Expenses and Compensation	30A-11
30A.11	Special Termination Rule upon Divorce	30A-11
30A.12	Agent’s Certification Form	30A-11
*Form 30A-1:	Maryland Statutory Form Personal Financial Power of Attorney	30A-11
*Form 30A-2:	Maryland Statutory Form Limited Power of Attorney	30A-19
*Form 30A-3:	Supplemental Durable General Power of Attorney of [Client] Expressly Declaring All Supplemental Powers	30A-38

CONTENTS

*Form 30A-4:	Authority of Agent to Change Beneficiary of Retirement Plan	30A-40
*Form 30A-5:	Revocation Provision for Maryland Statutory Personal Financial Power of Attorney (for Special Instructions)	30A-40
*Form 30A-6:	Effective Upon Incapacity – Statutory Definition . . .	30A-41
*Form 30A-7:	Effective Upon Disability – Only As Long As Disability Continues/Enlarged and Restrictive Definition of Disability	30A-41
*Form 30A-8:	Effective upon Disability – Only as Long as Disability Continues/Enlarged and Restrictive Definitions of Disability	30A-41

CHAPTER 31	HEALTH CARE POWERS OF ATTORNEY AND ADVANCE DIRECTIVES	31-1
31.1	General	31-1
31.2	Health Care Powers of Attorney	31-1
31.3	Advance Directive/Living Will	31-2
31.4	Emergency Medical Services (EMS) and Do Not Resuscitate (DNR) Orders	31-3
*Form 31-1:	Maryland Advance Directive: Planning for Future Health	31-4
*Form 31-2:	Health Care Planning Using Advance Directives	31-8.7
*Form 31-3:	The Halachic Living Will	31-8.11
*Form 31-4:	Maryland EMS/DNR and Medical Care Order (With Instructions)	31-14
*Form 31-5:	MOLST Form	31-16

PART XII CHARITABLE GIFT PLANNING

CHAPTER 32	CHARITABLE GIFT PLANNING	32-1
32.1	Closely Held Corporate Charitable Contributions	32-1
32.1.1	Constructive Dividends	32-1
32.1.2	Redemption of Charitable Gifts of Business Interests	32-2
32.2	Individual Gifts and Bequests	32-4
32.2.1	Income Tax Deduction Limits	32-4
32.2.2	Unlimited Gift and Estate Tax Deduction	32-7
32.2.2.1	Reporting the Gifts	32-7
32.2.2.2	Limits on Deduction for Tangible Personal Property	32-7
32.3	Charitable Remainder Trusts	32-7
32.3.1	General Features of CRTs	32-8
32.3.2	Unique Aspects of the Charitable Remainder Unitrust (CRUT)	32-10

CONTENTS

32.3.2.1	NIMCRUTS	32-11
32.3.2.2	Mandatory Provisions	32-13
32.3.2.3	Optional Provisions	32-15
32.3.3	Unique Aspects of the Charitable Remainder Annuity Trust (CRAT)	32-16
32.3.3.1	Mandatory Provisions	32-17
32.3.3.2	Optional Provisions	32-18
32.3.4	Taxation of the Donor	32-19
32.3.4.1	Income Tax Deduction	32-19
32.3.4.2	Capital Gains	32-20
32.3.4.3	Gift Tax	32-20
32.3.4.4	Estate Tax	32-20
32.3.4.5	Generation-Skipping Transfer Tax	32-20
32.3.5	Income Taxation of the Trust	32-21
32.3.5.1	Reporting Requirements for a CRT	32-22
32.3.6	Income Taxation of the Non-Charitable Beneficiary	32-22
32.3.7	Prohibited Transactions Rules	32-24
32.3.8	Planning Considerations	32-24
32.3.8.1	Funding the CRT	32-24
32.3.8.2	Marital Deduction Planning — Spousal CRT or QTIP with Remainder to Charity	32-26
32.3.8.3	Selecting a Trustee	32-26
32.3.8.4	Choosing the CRUT or the CRAT	32-27
32.3.8.5	Investment Issues	32-27
32.3.8.6	Economics of CRT Planning Need to Be Analyzed	32-28
32.3.9	Some Applications	32-28
32.3.9.1	Retirement Plan Supplement or Substitute	32-28
32.3.9.2	Asset Diversification Opportunity	32-29
32.3.9.3	Closely Held Businesses	32-29
32.3.9.4	Charitable Giving and Wealth Replacement	32-29
32.3.9.5	Using Life Insurance and the CRUT as a Tax-Favored Means of Providing an Annuity for Donor's Spouse	32-30
32.3.9.6	A Strategy for Dealing with Income in Respect of Decedent (IRD)	32-30
32.4	Charitable Lead Trust	32-31
32.4.1	Taxation of Lead Trusts	32-32
32.4.2	Drafting Charitable Lead Trusts	32-33
32.4.3	Planning for Lead Trusts	32-35
32.5	Gifts of Remainder Interests in Residence or Farm	32-35
32.6	Split-Interests in Tangible Personal Property	32-36

CONTENTS

32.7	Conservation Easements	32-37
32.8	Sample Forms for Charitable Remainder Annuity Trusts and Unitrusts (Inter Vivos and Testamentary)	32-39
32.8.1	Sample Forms for Charitable Remainder Annuity Trusts	32-39
32.8.1.1	Inter Vivos	32-39
	*Form 32-1: Sample Inter Vivos Charitable Remainder Annuity Trust - One Life	32-40
	*Form 32-2: Sample Inter Vivos Charitable Remainder Annuity Trust - Term of Years	32-41
	*Form 32-3: Sample Inter Vivos Charitable Remainder Annuity Trust - Two Lives, Consecutive Interests	32-42
	*Form 32-4: Sample Inter Vivos Charitable Remainder Annuity Trust - Two Lives, Concurrent and Consecutive Interests	32-44
32.8.1.2	Testamentary	32-46
	*Form 32-5: Sample Testamentary Charitable Remainder Annuity Trust - One Life	32-46
	*Form 32-6: Sample Testamentary Charitable Remainder Annuity Trust - Term of Years	32-47
	*Form 32-7: Sample Testamentary Charitable Remainder Annuity Trust - Two Lives, Consecutive Interests	32-49
	*Form 32-8: Sample Testamentary Charitable Remainder Annuity Trust - Two Lives, Concurrent and Consecutive Interests	32-50
32.8.2	Sample Forms for Charitable Remainder Unitrusts	32-52
32.8.2.1	Inter Vivos	32-52
	*Form 32-9: Sample Inter Vivos Charitable Remainder Unitrust — One Life	32-52
	*Form 32-10: Sample Inter Vivos Charitable Remainder Unitrust — Term of Years	32-53
	*Form 32-11: Sample Inter Vivos Charitable Remainder Unitrust — Two Lives, Consecutive Interests	32-55

CONTENTS

	*Form 32-12: Sample Inter Vivos Charitable Remainder Unitrust — Two Lives, Concurrent and Consecutive Interests	32-58
32.8.2.2	Testamentary	32-60
	*Form 32-13: Sample Testamentary Charitable Remainder Unitrust — One Life	32-60
	*Form 32-14: Sample Testamentary Charitable Remainder Unitrust — Term of Years	32-62
	*Form 32-15: Sample Testamentary Charitable Remainder Unitrust — Two Lives, Consecutive Interests	32-64
	*Form 32-16: Sample Testamentary Charitable Remainder Unitrust — Two Lives, Concurrent and Consecutive Interests	32-66

PART XIII INDICES

Subject Index	INDEX-1
Forms Index	INDEX-49