



## WHAT ARE THE UNIQUE ASPECTS OF ADMINISTERING A GRANTOR RETAINED ANNUITY TRUST (GRAT)?

The administration of a GRAT has a few differences from the administration of a Revocable Trust. The Trustee, in addition to making investment decisions and managing the assets, will be required to make annual annuity distributions to the Grantor. Generally, the Trustee will make each annuity payment by distributing cash, to the extent there is cash available; however, since the goal is a high rate of return (to maximize the value received by the ultimate beneficiaries), often there will not be sufficient cash available to make all of the annuity payments, so the Trustee will have to make distributions with other assets. To make in-kind distributions, the Trustee will be required to obtain a valuation of the assets being distributed as of the date of the annuity payment.