



## WHAT ARE THE UNIQUE ASPECTS OF ADMINISTERING A QUALIFIED PERSONAL RESIDENCE TRUST (QPRT)?

Since a QPRT cannot hold any other assets other than an interest in one residence and certain related assets, the administration of a QPRT is fairly straightforward, except for certain situations. Generally, the Trustee is managing the residence and may be paying certain expenses related to the residence. The Grantor may contribute cash to the QPRT for trust expenses that are expected to be paid within six months, such as improvements. In addition, if the Trustee has entered into a contract for purchase of the initial residence, the Grantor can contribute cash for such purchase. If the QPRT is holding additional cash, the Trustee must determine quarterly the amount of cash that is in excess of the permissible amount, and, if any, such excess cash must be immediately distributed to the Grantor. Additionally, proceeds from the sale of the residence or an insurance claim provide unique administration aspects. The Trustee must use the proceeds from the sale or insurance policy to purchase a new residence or must convert the QPRT into a GRAT if the QPRT continues to hold the proceeds.