



WHAT ARE THE UNIQUE ASPECTS OF ADMINISTERING IRREVOCABLE GIFT TRUSTS AND IRREVOCABLE INSURANCE TRUSTS?

One of the main administration aspects of Irrevocable Gift Trusts and Irrevocable Insurance Trusts is ensuring the contributions to the trust qualify for the gift tax annual exclusion. To qualify, the Trustee must make sure that the trust notifies the beneficiaries that a contribution has been made and that the beneficiaries have a right to withdraw all or part of the contribution. The notification is done through what is commonly referred to as a "Crummey letter." In addition to sending the Crummey letters to the beneficiaries, the Trustee will need to make investment decisions and manage the assets of the trust, in the same manner as any other trust. For an Irrevocable Insurance Trust, the Trustee will also need to make sure the premiums are paid on any life insurance policies owned by the Trust and that the policies continue to perform as expected.