



WHAT ARE THE TERMS OF A QPRT TRUST AGREEMENT?

- The trust would continue for a specified number of years, after which the property would be transferred either outright to children (or other beneficiaries) or in further trust for their benefit. Selection of the QPRT term of years requires careful thought since the tax benefits are lost if the donor dies before the QPRT ends. A longer trust term increases the tax advantages, but also increases the risk that premature death will erase those advantages.
- During the term of the QPRT, the donor is entitled to all rights of occupancy, and will be responsible for all costs of maintenance.
- If the residence is sold during the term of the QPRT, another home can be purchased. If a replacement home of equal value is not purchased, the unused cash proceeds must either be distributed back to the donor (thus forfeiting the tax benefit), or the cash must be invested and the donor will be paid an annuity for the balance of the QPRT term (thus reducing, though not necessarily entirely eliminating, the tax benefit).
- During the QPRT term the donor can be the sole Trustee or a co-Trustee of the QPRT, and make all management decisions.