



WHAT IS A SPOUSAL ESTATE REDUCTION TRUST OR SPOUSAL LIFETIME ACCESS TRUST (SLAT)?

A Spousal Estate Reduction Trust, sometimes referred to as a Spousal Lifetime Access Trust (“SLAT”), is an irrevocable trust created by one spouse (the “Grantor Spouse”) for the benefit of the other spouse (the “Beneficiary Spouse”) and/or other family members to remove assets and their appreciation from the Grantor Spouse’s taxable estate. For married couples, a gift to such a trust can be particularly attractive because the Beneficiary Spouse can be the primary beneficiary of the trust, allowing the assets to remain available to the Beneficiary Spouse. In addition, if you choose to allocate GST exemption to the gifts to a SLAT, the trust assets and their appreciation can also be removed from the GST tax system for as long as the trust exists, meaning that eventual distributions from the trust to grandchildren and more remote descendants can be made without any transfer tax.