

Most Commonly-Used Estate Planning Techniques

Several people have requested a “decision tree” depicting when to use which techniques, so the following is a list of the techniques used in order of their commonality.

- Gift of Lifetime Exemption to Intentionally Defective Trust
- Loan to IDT
- Sale to IDT
- Private Split Dollar with GRAT/GRUT as exit strategy
- Commercial Premium Financing
- Dual Loan Financing

The list begins with the most common and ends with the least common, and for most clients, the best approach is to do what is the simplest and has the fewest “moving parts” (i.e. fewest variables that can change and alter the outcome in the future). The appeal of the IDT is that the only variable is the earnings rate of the trust; everything else is guaranteed (terms, duration and interest rate of the loan/sale, and the insurance amount and premium).

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