

Generation Skipping Tax Trust

- Generation Skip bypasses a child's generation and goes to a grandchild known as a direct skip
- A generation skip prevents the assets from being taxed in child's estate
- Limit placed on maximum amount that can bypass child's generation is currently **\$5,250,000.00** aggregate
- Trust allows grandparent to provide child the benefit of the property such as providing income only or discretionary distributions while keeping asset from child's estate.
- Child may have limited power to control distribution of assets .
- GST trust creation may be deferred until death of grandparent/grantor.
- Full exemption utilization may require multiple trusts formed at death of parent/grandparent.
- Exemption is per person so each grandparent can utilize the full amount.
- There is no portability for unused exemptions.

