



## Issues In Elder Law

**Q: When is an irrevocable living trust (ILT) useful in elder planning?**

**A:** An ILT is an alternative to the outright distribution of property to a beneficiary for reasons such as the following:

- A concern over the windfall nature of an outright transfer to the beneficiary who (because of age or other circumstances) warrants asset preservation through entity insulation and needs to have the future distribution of the ILT assets controlled.
- A transfer of the income tax burden from the creator of the trust to its beneficiaries age 14 or older (provided student financial aid implications are reviewed). This assumes that the ILT is not an accumulation trust but a conduit one.
- Freezing the value of assets to save estate and generation-skipping taxes (e.g., by using a dynasty trust).
- Elimination of estate taxation attributable to life insurance proceeds.