

Intentionally Defective Grantor Trusts

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Intentionally Defective Grantor Trust



- An IDGT is a very powerful estate planning tool with many different applications.
- This attachment to the web-site is not meant to do anything more than to tell readers it is a very nice option for many clients who have assets they would like to pass to their heirs with LOWER TAXES.
- Additionally, an IDGT is often used to create a “family bank” which is funded in a tax favorable manner and where the money can be used for generations to come.
- See the following schematic for a typical IDGT.

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Marty & Sylvia

**Real Estate Property
\$7 Million**

Marty and Sylvia transfer to FLP



**FLP
Discounted Value
\$4,550,000**

**Sale of FLP interest
to IDGT for
installment note**

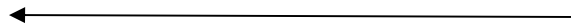


**Installment Payment
to Marty and Sylvia of
\$266,175 a year.**



**Defective Grantor Trust
\$4.5 Million Life Insurance
\$7.0 Million Real Estate
Cash Flow of \$420,000 from investments**

**Income Taxes On the
\$420,000 earned from the
IDGT investments**



**Marty and Sylvia pay
income taxes**

Confusing?



- Sure, the previous schematic is confusing as are the many other schematics that can be created when illustrating how an IDGT can benefit clients and their heirs.
- We simply want to impress upon readers that if they have any decent amount of wealth, an IDGT might be a nice planning tool and it would be wise for every client to seek out advisors who are familiar with its benefits.
- **For more information in IDGTs, please contact our office.**