

Qualified Personal Residence Trust

By Kevin VonTungeln
<http://trustsandstatesblog.com/>

A qualified personal residence trust lets you continue to live in your home but transfer it to your children now so you will save estate taxes when you die.

When you set up a qualified personal residence trust, you transfer your home or vacation home to an irrevocable trust. For a specified period of time (often 10 to 15 years), you retain the right to use and live in the residence. After that time, the residence transfers to your beneficiaries (usually your children).

In effect, you are giving your home to your children today. But because your children will not receive it until sometime in the future, the value of this gift is discounted (reduced). This uses less of your federal gift and estate tax exemptions than if you had kept the home (and any future appreciation) in your estate.

If you die before the term of the trust is over, there is no penalty. Your home will just be included in your taxable estate, which is what would happen anyway without the trust. If you live longer than the duration of the trust and want to keep living there, you will have to pay rent (at fair market value).

And, of course, the house will not receive a stepped-up basis when you die. So you will want to see whether it's better for your beneficiaries to save the capital gains taxes or to save the estate taxes.

About Kevin Von Tungeln

With more than 17 years' legal experience, Kevin L. Von Tungeln serves Thompson Von Tungeln in the areas of estate planning, probate, trusts, wills, trust administration, conservatorships, guardianships and elder law. He is certified by the State Bar of California Board of Legal Specialists as a Board Certified Specialist in Estate Planning. Get to know more about Kevin's approach to estate planning by viewing his informational videos at: <http://www.youtube.com/user/EstateLawyers>. Kevin can also be found at LinkedIn by going to: (<http://www.linkedin.com/in/kevinvontungeln>)

About Thompson Von Tungeln

Antelope Valley estate planning law firm Thompson Von Tungeln (TVT) offers sophisticated estate planning and administration for the affluent, discriminating client. As Board Certified Specialists in Estate Planning, Trusts and Probate as certified by the State Bar of California Board of Legal Specialization, partners Mark E. Thompson and Kevin L. Von Tungeln are expertly equipped to serve these clients with the creative, effective and custom solutions they

demand. For more information, contact TVT at 661-945-5868 or visit their website at EstatePlanningSpecialists.com.