

BENEFICIARY-GRANTOR TRUSTS: EFFECTIVE PLANNING WITH DEFECTIVE TRUSTS

THE UNIVERSITY OF TEXAS SCHOOL OF LAW
2022 STANLEY M. JOHANSON ESTATE PLANNING WORKSHOP

DECEMBER 2, 2022
AUSTIN, TEXAS

Speaker/Author

LEVI M. DILLON

Bourland, Wall & Wenzel, P.C.

Fort Worth, Texas

Authors:

Levi M. Dillon

Michael V. Bourland

Jeffrey N. Myers

INTRODUCTION

A history of Internal Revenue Code Sections 671 – 679

- **Eliminating an income tax strategy**
- **Creating an estate and gift tax strategy**

3

3

GRANTOR TRUST RULES

Internal Revenue Codes §§671-679

- **§671 Trust Income, Deductions, and Credits Attributable to Grantors and Others as Substantial Owners**
- **§672 Definitions and Rules**
- **§673 Reversionary Interests**
- **§674 Power to Control Beneficial Enjoyment**
- **§675 Administrative Powers**

4

4

GRANTOR TRUST RULES CONTINUED

Internal Revenue Codes §§671-679

- **§676 Power to Revoke**
- **§677 Income for Benefit of Grantor**
- **§678 Persons Other Than Grantor Treated as Substantial Owners**
- **§679 Foreign Trusts Having One or More United States Beneficiaries (Not discussed as part of this article)**

5

5

USING GRANTOR TRUSTS

- **Intentionally Defective Grantor Trusts**
 - **Settlor Intentionally Defective Grantor Trust (“SIDGT”)**
 - **Beneficiary Intentionally Defective Grantor Trust (“BIDGT”) aka Beneficiary Defective Inheritor’s Trust (“BDIT”)**
 - **Beneficiary Deemed Owner Trust (“BDOT”)**

6

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Beneficiary-Grantor Trusts: Effective Planning with Defective Trusts

Also available as part of the eCourse

[2022 Stanley M. Johanson Estate Planning eConference](#)

First appeared as part of the conference materials for the
2022 Stanley M. Johanson Estate Planning Workshop session
"Beneficiary-Grantor Trusts: Effective Planning with Defective Trusts"