BENEFICIARY-GRANTOR TRUSTS: EFFECTIVE PLANNING WITH DEFECTIVE TRUSTS

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INTRODUCTION

A history of Internal Revenue Code Sections 671 – 679

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

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**

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)**

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")**

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

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Beneficiary-Grantor Trusts: Effective Planning with Defective Trusts

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