

Note Sale/QTIP Creative Planning Opportunities for 2020 For Clients Hesitant to Plan

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Note Sale/QTIP Creative Planning Opportunities for 2020 For Clients Hesitant to Plan

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ChronicIllnessPlanning.org

The Biden 2-Step

Note Sale/QTIP Creative Planning Opportunities for 2020

Friday, September 11, 2020
4:00 p.m. to 5:30 p.m. EDT
(90 minutes)

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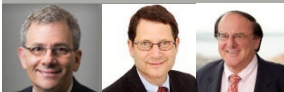


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**Program is subject to change and will be modified to reflect any
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Intra-Family Installment Sales - Lowest Interest Rates Ever And Low Values Make These Great Tools For Estate Tax Planning Now

A great many clients are well aware of how we establish special irrevocable trusts for family members, make sure that they have seed capital, and sell partial ownership interests in family LLCs and family limited partnerships in exchange for long-term promissory notes.

The *hopefully* temporary reduction in the values of stocks and other assets make this a *unique* opportunity for smart taxpayers who have confidence that our medical technology will overcome this virus within a reasonably short period of time.

A video explanation of the installment sale to an intentional grantor trust can be viewed on You Tube by clicking here: <https://youtu.be/qw6e-HZDjs4>

Please consider this if you are otherwise estate taxable, keeping in mind that the \$11,580,000 exemption will be reduced by half on January 1, 2026 unless the House of Representatives, the Senate and the President all sign legislation to the contrary.

There is another possible pitcher of lemonade to be made from the lemons that we find ourselves viewing on television and otherwise with respect to the Coronavirus.

The S&P 500 Index has always recovered from every significant downturn and eventually reaches levels higher than pre-down turn values. Here's to history and the fact that it almost always repeats itself.



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Current and Recent Applicable Federal Rates (2020)

MONTH	SHORT TERM	MID-TERM	LONG-TERM
April	0.91%	0.99%	1.44%
May	0.25%	0.58%	1.15%
June	0.18%	0.43%	1.01%
July	0.18%	0.45%	1.17%
August	0.17% (17/100 ^{ths} of 1%)	0.41% (41/100 ^{ths} of 1%)	1.12%

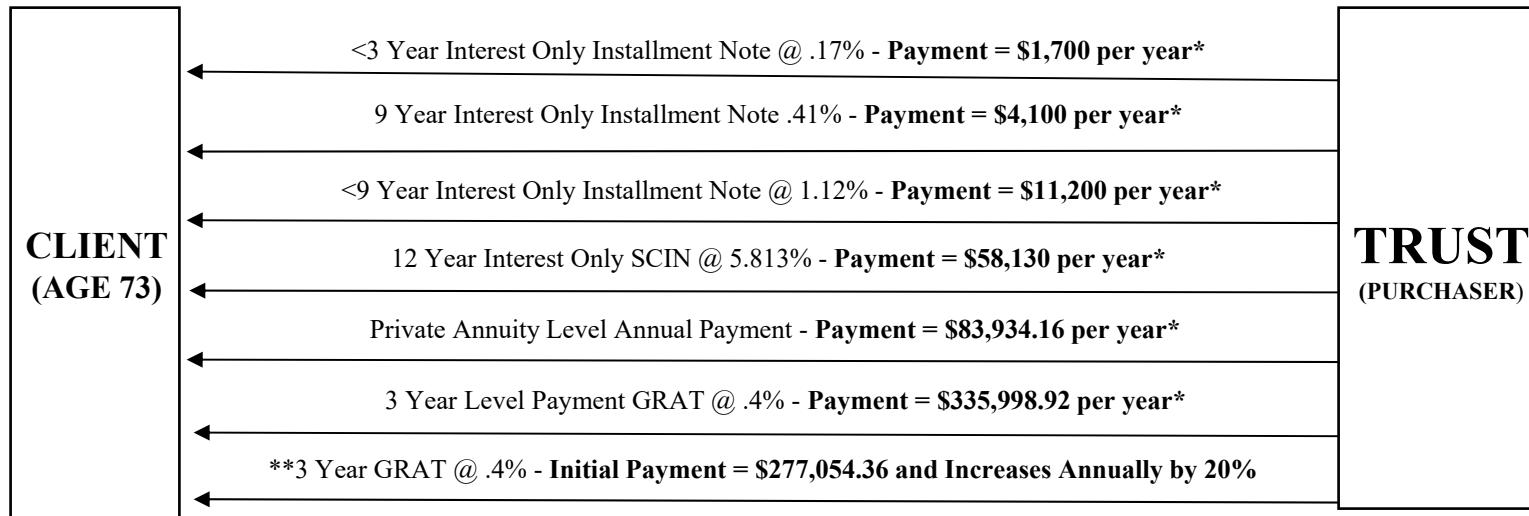
**Can use lowest of last three months on a “sale or exchange” under IRC Section 1274(d)(2).
See IRC Section 7872(f)(2)**



\$1,000,000 PROMISSORY NOTE/SCIN/PRIVATE ANNUITY/GRAT ALTERNATIVES

August 2020 / CLIENT AGE 73

Alternatives: (Using August 2020 Applicable Federal Rates and August 2020 7520 Rate of .4%)



* Notes would have no penalty for prepayment – minimum payments are shown above.

Self-cancelling installment Notes must balloon before life expectancy as measured at time of Note being made. Client’s life expectancy is 12.33 years under IRS tables. The SCIN calculations above are based on a 12-year note term.

** This GRAT assumes that each annuity payment will increase by 20% each year. **All GRATs assume no taxable gift on funding**

If interest rates increase in the future, consider the use of a 20-year interest only note at the 1.12% long-term AFR, locking in a 1.12% rate for the next 20 years.

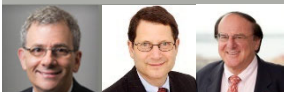
Note: August 2020 rates for annual compounding are:

Short-Term -- .17%

Mid-Term – .41%

Long-Term – 1.12%

} Usable through October 31, 2020 for a “sale or exchange”



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What Is The Biden 2-Step?

The Biden 2-Step is a multiple step planning protocol that may be used by high net value taxpayers that would like to both:

- (A) eliminate or reduce federal estate taxes, and
- (B) be well situated to make use of a large part of what remains of each taxpayer's \$11,580,000 estate tax exemption, at least for the rest of the 2020 year.

(This \$11,580,000 exemption increases each year with chained CPI, and will be reduced to one-half of its then applicable level on 1/1/2026, unless Congress and a President delay or eliminate this reduction.)



What Is The Biden 2-Step? – Cont'd

It is possible that a new President and the House and Senate could reduce the exemption in half, or even to a lower level effective January 1, 2021. Legislation to raise tax revenues enacted any time during the 2021 year can be retroactive to the first day of the year.

While this seems unlikely, it may be best to be ready for the most effective manner of using the exemption, especially if there are other tax burdens that come with changes, such as loss of discounts, stepped up basis upon death, and paying a higher tax sooner on inherited IRA's and other "IRD assets".



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What Is The Biden 2-Step? – Cont'd

(Back to the Biden 2-Step)

Step One - Exchange assets / net worth for a long-term low interest promissory note via a sale to an irrevocable “intentional grantor trust.”

(Many taxpayers will want to complete the intra-family installment sale even before the election so as not to wait until year-end and rush to implement the first step (the installment sale to a grantor trust).



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What Is The Biden 2-Step? – Cont'd

Step Two - Before year-end, if necessary, make a gift of the promissory note via one or more of the following:

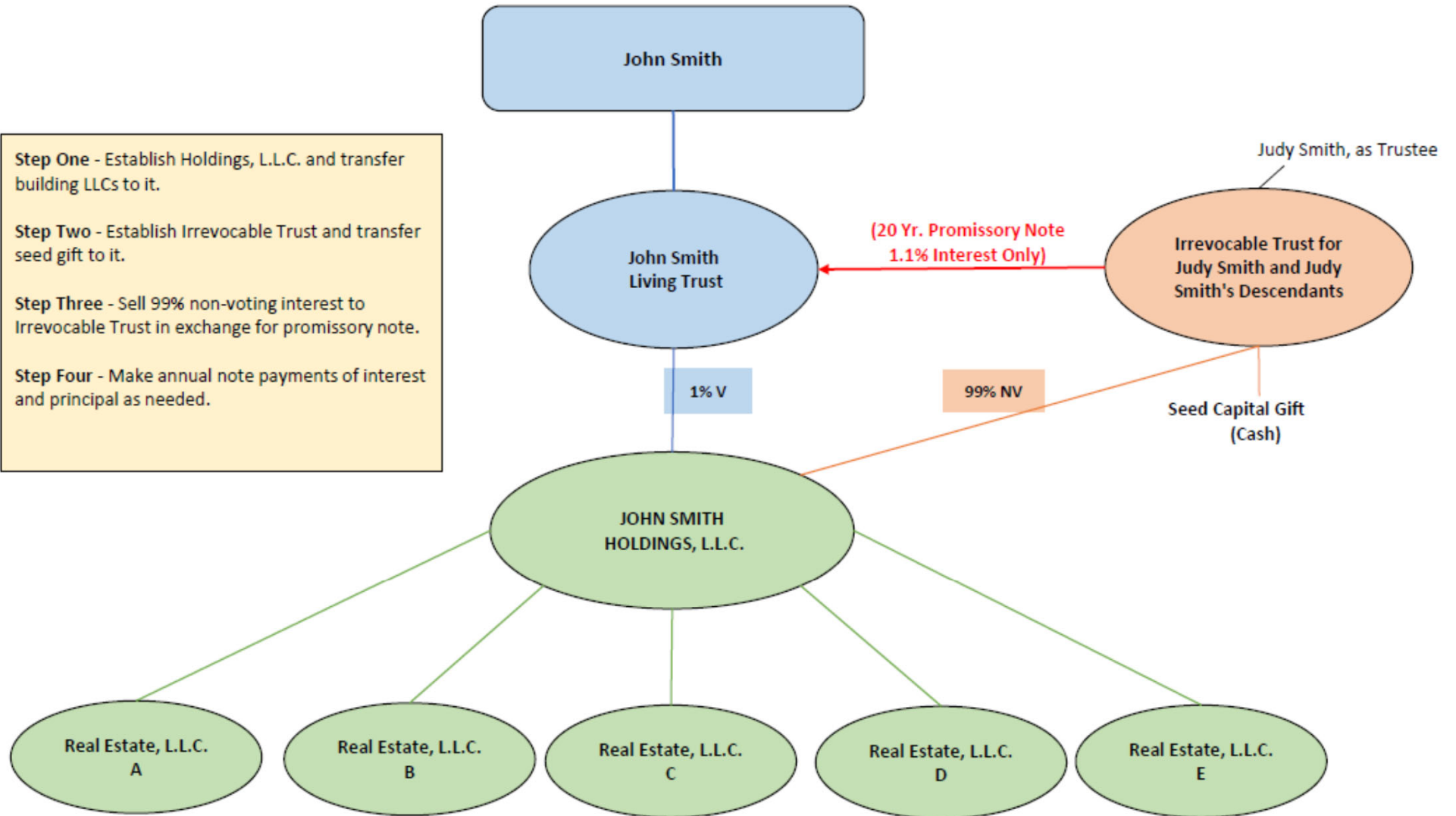
- (A) simply forgive some or all the note.
- (B) gift the note to one or more individuals or other entities.
- (C) gift the note to a Q-TIP Trust, so that it can be decided on or before 9/15/2021 whether to consider this a “complete gift” to a trust that will not be taxed in the spouse’s estate, or a “marital deduction gift” that can result in the spouse receiving the note or other contributed assets, and later forgiving it.

This will be discussed on later slides.



JOHN SMITH ILLUSTRATION CHART

- Step One - Establish Holdings, L.L.C. and transfer building LLCs to it.
- Step Two - Establish Irrevocable Trust and transfer seed gift to it.
- Step Three - Sell 99% non-voting interest to Irrevocable Trust in exchange for promissory note.
- Step Four - Make annual note payments of interest and principal as needed.

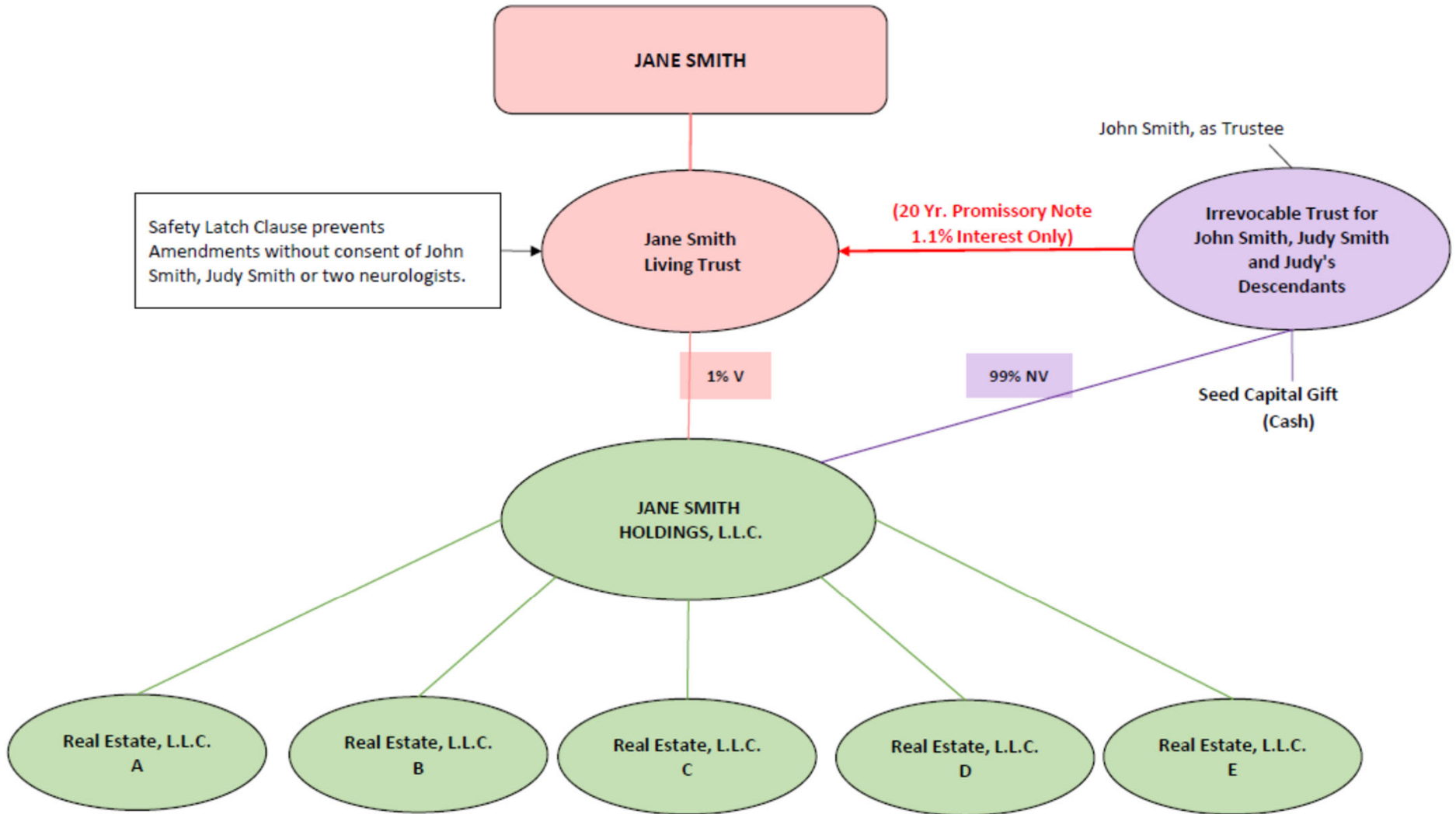


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JANE SMITH ILLUSTRATION CHART



2036 Retained Life Interests – Stay Away From the Fruit of the Tree

Assets transferred will still be considered as owned by the transferor:

- a) (§ 2036(a)(1)) - The transferor had any written or oral agreement or understanding to be able to have to receive any “fruit from the tree.” The ability to put one cow on a large farm is enough to cause the entire farm to be subject to estate tax.
- b) (§ 2036(a)(2)) - The grantor retains any right exercisable *in conjunction with anyone* to control if and when the property will be received by others.

The *Powell* and *Strangi* Tax Court cases rely on the language “*a power in conjunction with any other person.*” **Example:** The sole general partner is a S corporation. Because decedent was a minority shareholder, decedent was not in control of the general partner. The “in conjunction” language was not limited to only a power that could control.

THREE YEAR RULE - § 2036(a) can apply even after the rights are given up if the grantor dies within three years of giving the rights up.

BONA FIDE SALE EXCEPTION - 2036(a) will not apply if the arrangement was a bona fide sale for good and valuable consideration - this can be a very hard test to satisfy

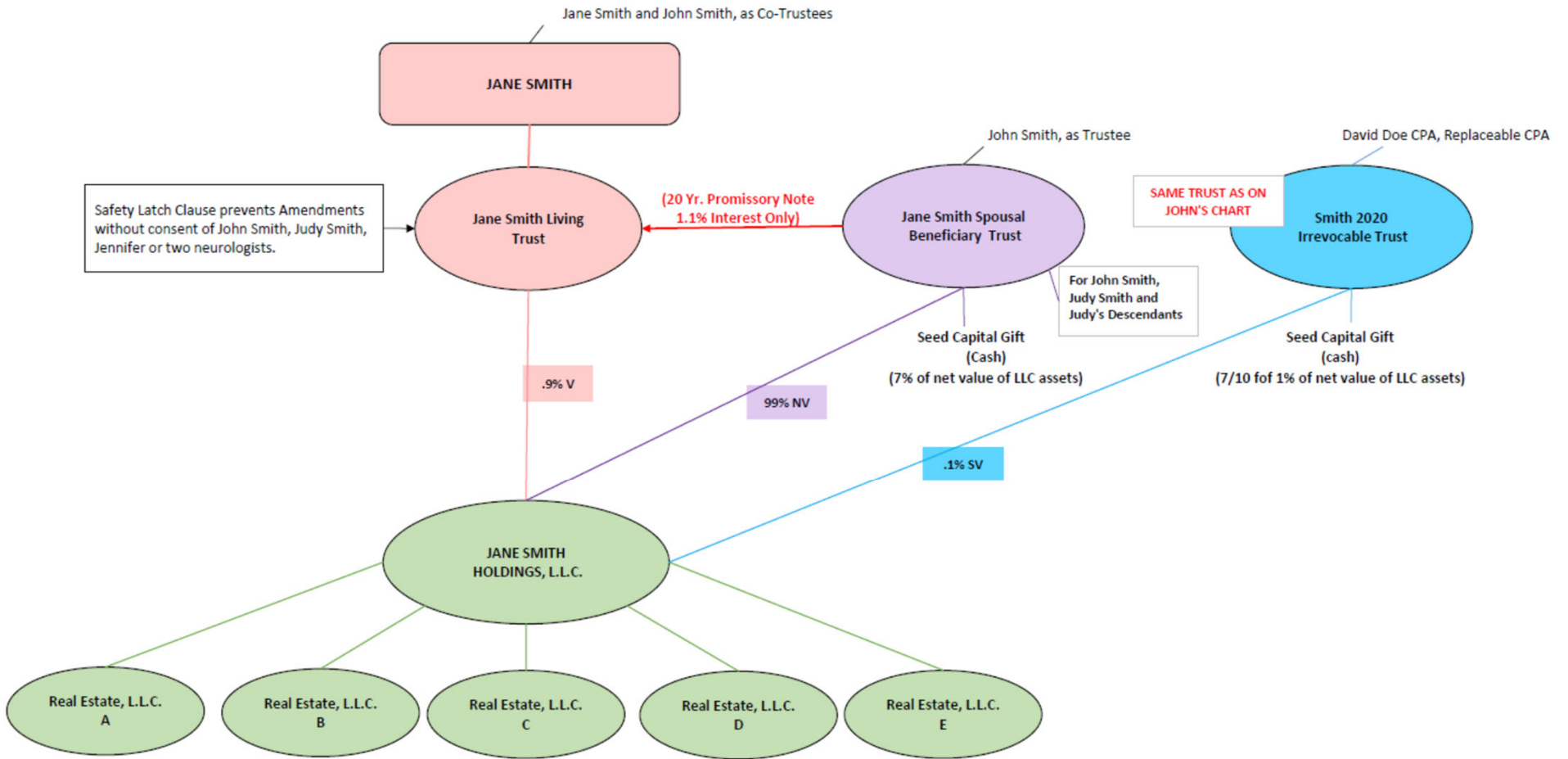


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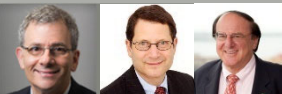
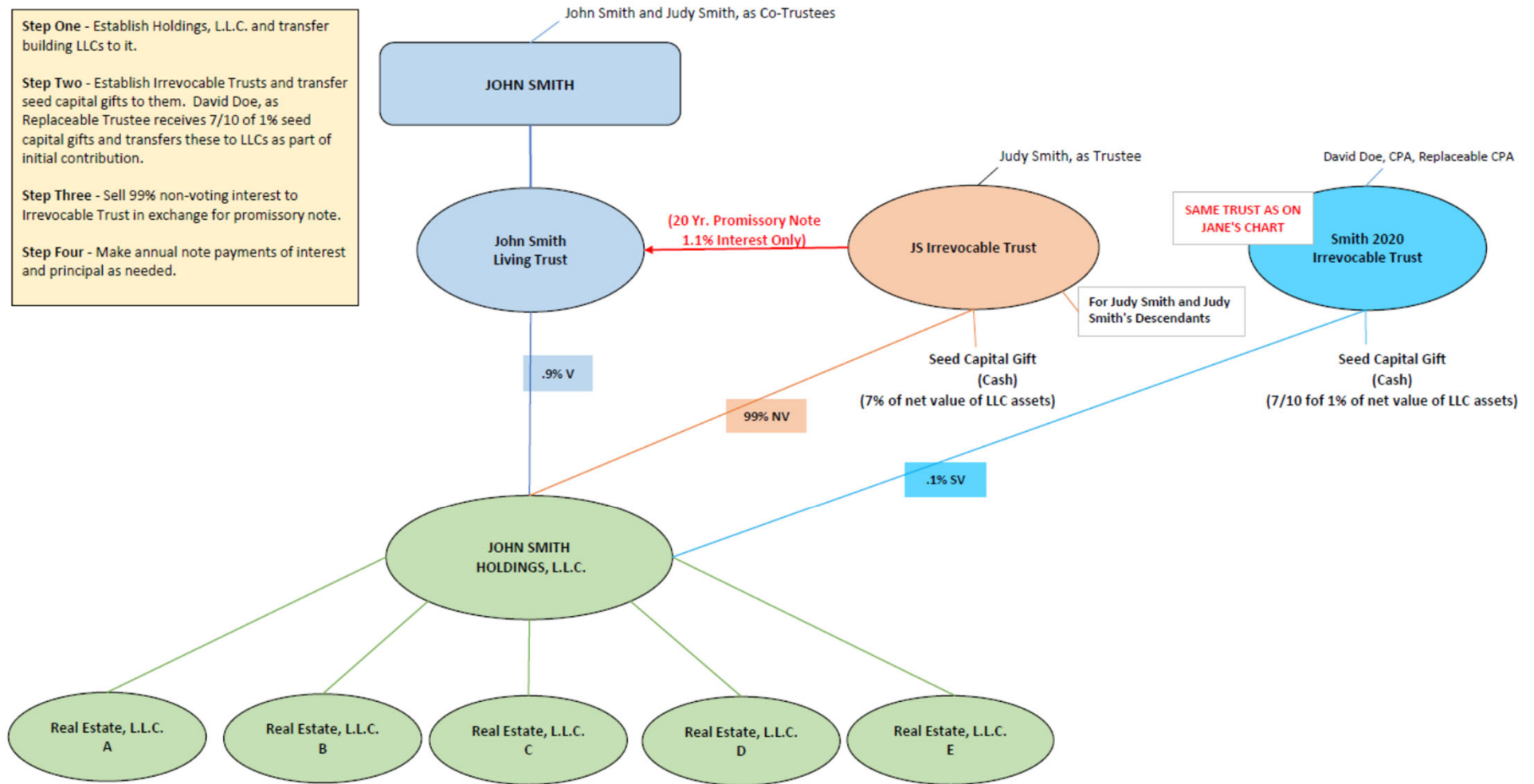
JOHN SMITH ILLUSTRATION CHART (2)

Step One - Establish Holdings, L.L.C. and transfer building LLCs to it.

Step Two - Establish Irrevocable Trusts and transfer seed capital gifts to them. David Doe, as Replaceable Trustee receives 7/10 of 1% seed capital gifts and transfers these to LLCs as part of initial contribution.

Step Three - Sell 99% non-voting interest to Irrevocable Trust in exchange for promissory note.

Step Four - Make annual note payments of interest and principal as needed.

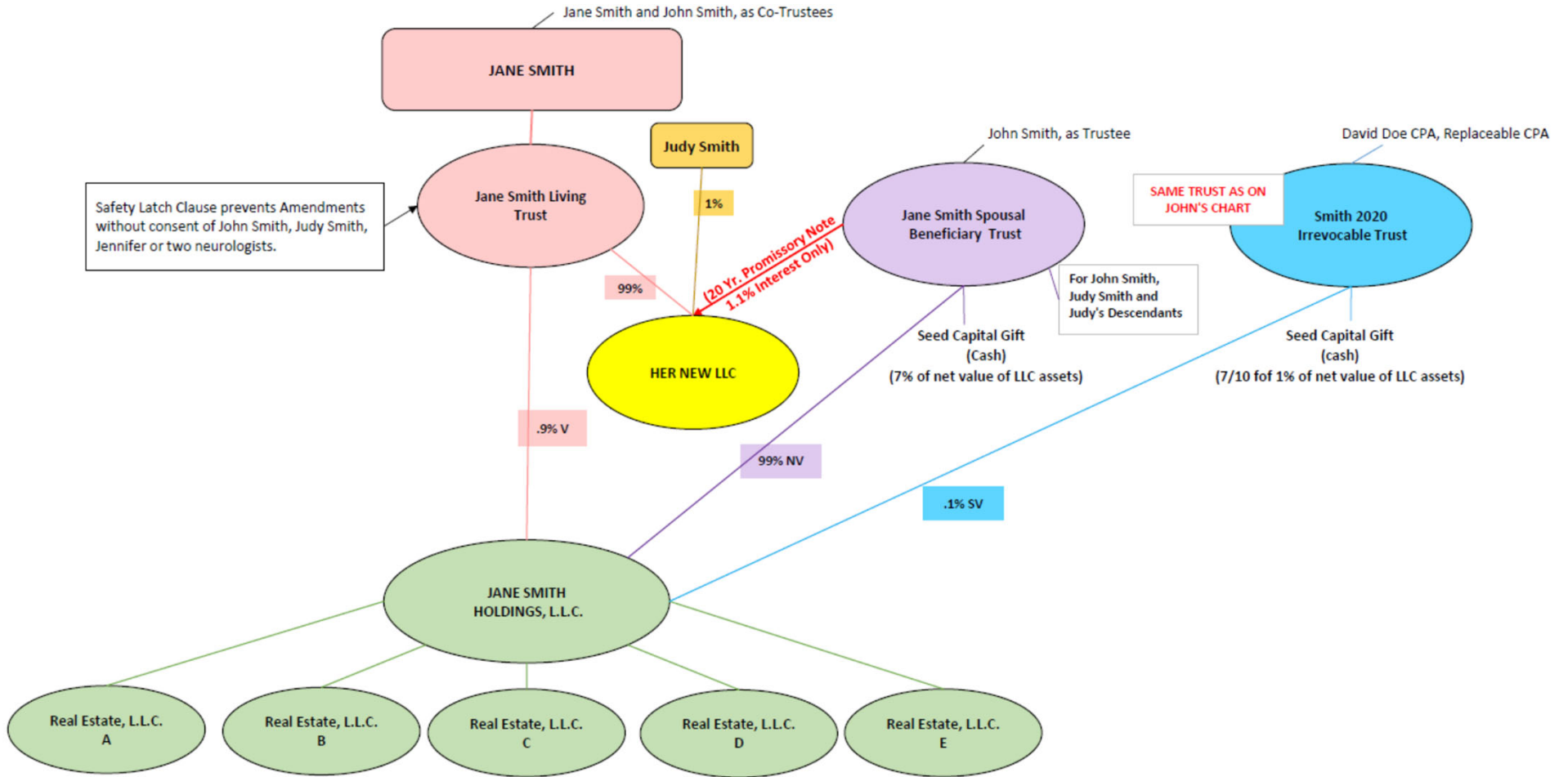


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JANE SMITH ILLUSTRATION CHART



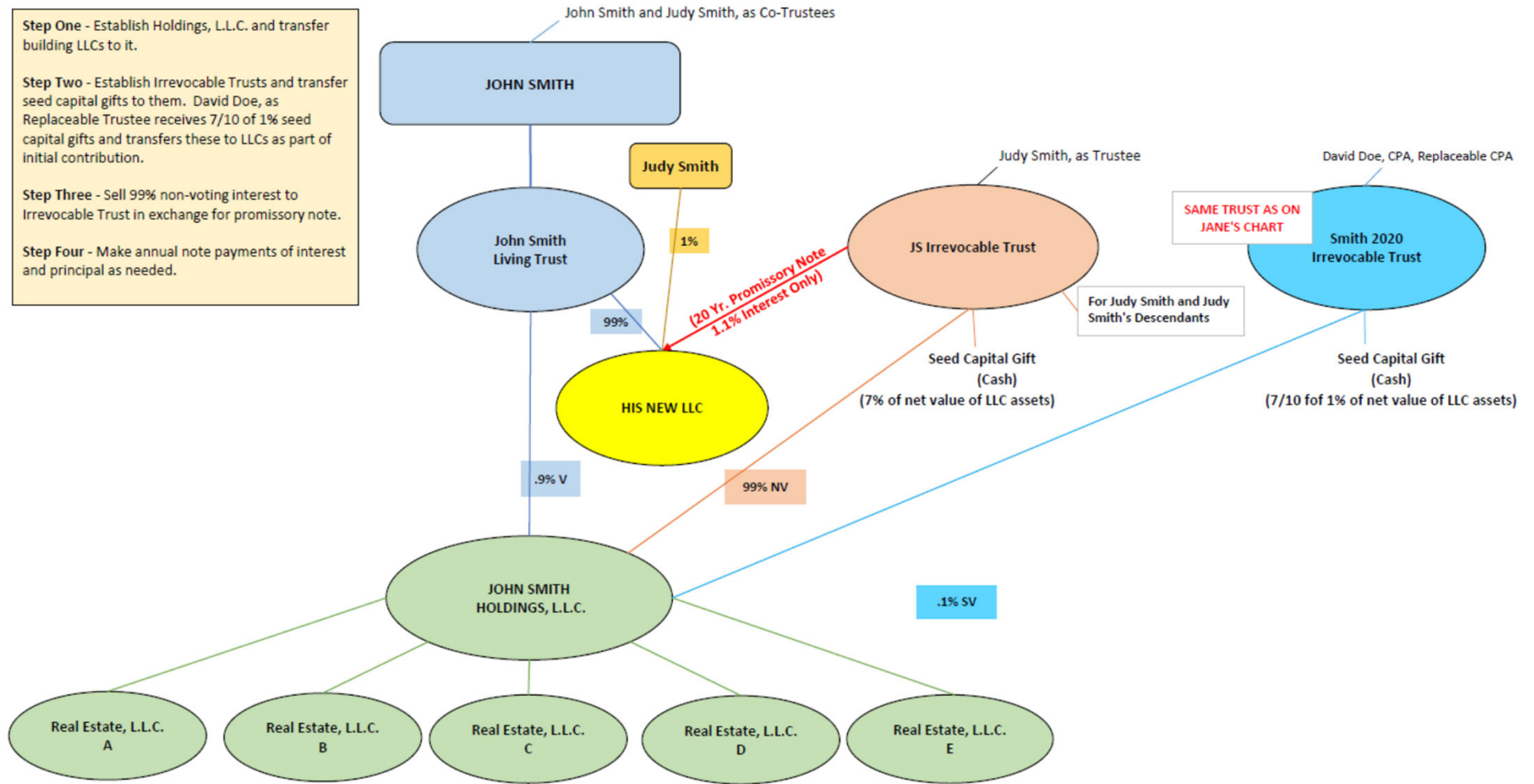
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What Is The Biden 2-Step? – Cont'd

Back to Step One: **Sell Property Interests to a Trust for a Note**

Most of the Presenters' Clients Use LLC's as Family Holding Companies:

There are good business reasons to aggregate investment and business assets and entity ownership under a holding company.

- (A) To allow multiple generations to have involvement with identification and management of the assets.
- (B) To shield the assets from potential undue influence or lack of management that can occur if the taxpayer becomes incapacitated or compromised.
- (C) To provide creditor protection in case the taxpayer is ever sued for a car accident or other activities or exposures.
- (D) To facilitate sharing ownership of the assets during the taxpayer's lifetime using the techniques herein discussed, and thereafter by family members who inherit them.



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What Is The Biden 2-Step? – Cont'd

Determining a Sales Price

Once it is decided what assets will go under the holding company and what assets may be sold directly to an irrevocable trust, these items can be valued, so that a sales price is determined.

Typically, there will be a discount if a non-voting membership interest in a family LLC is being sold. The same applies to transferring limited partnership interests in a limited partnership.

Size of the valuation discount for lack of control and lack of marketability? In the long run, the discount is insignificant. The more effective wealth transfer occurs with the grantor trust earning a rate of return greater than the 1.12% interest rate on the note and the grantor paying the income taxes on the grantor trust's taxable income. Aggressive valuation discounts increase the gift tax audit exposure!!



What Is The Biden 2-Step? – Cont'd

Using the Irrevocable Grantor Trust to Make the Purchase:

While or after the Family LLC is established and funded an irrevocable trust that may be held for a spouse and/or descendants and/or others, which may include charity, is established and has been funded by only the taxpayer who will sell the assets.

The trust is “disregarded” for income tax purposes.

The discussion of such a trust could go for hours and is beyond the scope of today’s talk.

The irrevocable grantor trust purchases the non-voting member interest in the holding company, and whatever other assets are being sold, for a long-term note bearing interest at the applicable federal rate (which is presently 1.12% for notes that exceed 9 years).

The above completes Step One.



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What Is The Biden 2-Step? – Cont'd

As Step Two, and before the estate tax exemption is reduced, the taxpayer can:

- (A) Forgive the note, if desired, after receiving election results and report this as a gift in an amount equal to the stated principal (its face value).
- (B) Consider valuing the note based upon its fair market value, as opposed to the face amount owed and then gifting it (forgiving the note is also a gift) For example, a \$13,000,000 low interest long term note may be worth \$11,000,000 because its interest rate is lower than market rates and other factors.
- (C) In the future there may be a possible swap of the low interest long-term note for a higher interest shorter term note of equal value, but with a lower amount owed. That note would be forgiven or gifted at face value. For example, the \$13,000,000 note above is traded for a current rate \$11,000,000 demand note, and that note is forgiven as a gift.
- (D) Transfer the note to a Q-TIP Trust for the spouse of the taxpayer and decide by the due date of the marital deduction election deadline in 2021 whether to have this be considered to be either (a) a 2020 gift to a non marital deduction trust, thus using part of the \$1,580,000 exemption, or (b) a transfer to the spouse via the marital deduction being elected and the trustee distributing the note to the spouse, thus using none of the exemption, as if no transfer was made.



Income Tax Consequences of the Installment Sale to a Grantor Trust

- If the Trust is structured as a grantor trust, then no income tax will result from the sale. Under the grantor trust rules, the grantor is treated as the income tax owner of the trust's assets(a disregarded entity for income tax purposes only). One cannot realize a gain if there is no sale of exchange. Rev. Rul. 85-13
- Not only is no income tax gain realized on the sale, no interest income no interest deduction is reported for income tax purposes.
- Any income, deduction and credit of the Trust must be reported on the grantor's individual income tax return.
- If the trust is no longer a grantor trust during the note term for reasons other than the grantor's death, then the assets are deemed to have been sold to the trust for federal income tax purposes, which results an income taxable installment sale by the grantor at the time the trust becomes a non-grantor trust. See Treas. Reg. §1.1001-2(c) Example (5).



What Is The Biden 2-Step? – Cont'd

Questions for Professor Hesch:

1. If a non-voting member interest in an LLC worth \$10,000,000 is exchanged for a 25-year note, payable 1.12% interest only with all principal due at maturity, has a gift been made upon the issuance?
2. Can there be a gift upon the issuance of the note if shortly thereafter the note is valued at a discount. Compare to a \$13,000,000 capital contribution to a LLC in exchange for a non-voting interest and the LLC interest is later valued at a discount. What are the LLC member's rights under the LLC operating agreement?
3. Is it acceptable for a promissory note to have a longer life than the life expectancy of the seller who will hold the note? Yes, but to be on the conservative side, do not exceed the lesser of the seller's life expectancy or 20 years.
4. After the 1.12% long-term 20-year AFR note is issued, the AFR five years later has increased back to its historical mean of 5.0%. Just using the current 5.0% AFR, the value is discounted?
5. Are there other factors that can be used to value notes? For example, the long-term AFR interest rate is lower than market rates.

See chart on next two slides



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Valuation of Promissory Notes for Transfer Tax Purposes										
	Date the note was entered in to	Face amount of the note	Duration of the note	Interest rate on the note	Decedent's date of death	How long the note had to run following death of decedent	Applicable federal rate on date of death	Whether or not the note was secured	Financial strength of the lender	Discount rate applied
Estate of Berkman v. Commissioner (1)	5 notes: 1 in '68 1 in '69 2 in '70 1 in '72	\$275,000	20 years	6%	1974 (2-6 years after issuance of notes - depending on the note)	Unknown	9.75%	No	Unknown	50% or more for each note (longer term notes got greater discounts)
B. Smith v. U.S. (2)	1977	\$10,312,000	20 years	6%	1988	Unknown	7.57%	Unknown	Unknown	Discount applied – specific percentage amount not given. (Lack of marketability, lack of protective covenants, lack of formal acknowledgement of the debt by the lender, unusual payment schedule, market interest rate increase.)
Estate of Hoffman v. Commissioner (3)	1992	2 notes: \$278,147; \$173,083	20	7.61%	1994	Until maturity	7.58%	No	Strong	Discount applied – specific percentage amount not given.
Estate of Harper v. Commissioner (4)	1991	\$450,000	1 year	10.75%	1995	Note was renewed each year until decedent's death	7.19%	Yes	Unknown	12% (no assurance that the note would be paid in full at the next maturity date and issues affecting the property the note was secured by.)



Valuation of Promissory Notes for Transfer Tax Purposes

	Date the note was entered in to	Face amount of the note	Duration of the note	Interest rate on the note	Decedent's date of death	How long the note had to run following death of decedent	Applicable federal rate on date of death	Whether or not the note was secured	Financial strength of the lender	Discount rate applied
Example Appraisal One (5)	2012	Unknown	9 years	0.95%	Unknown	Unknown	3.40%	Unknown	Unknown	12.85% (lack of collection rights and lack of marketability)
Example Appraisal Two (6)	2012	Unknown	9 years	1.07%	Unknown	Unknown	Not provided	Yes	Weak	21.6% (no protective covenants, size of the note, lack of marketability, weak financial strength of issuer.)
Valuation Scenario 1 (7)	Unknown	\$1,000,000	9 years	3%	Unknown	Unknown	3%	Unknown	Unknown	Subject to discounts because note likely would not have a fair market value equal to its face value. No specific discount percentage given.
Valuation Scenario 2 (8)	Unknown	\$1,000,000	20 years	4%	Exactly one year after issuance of note	Unknown	4%	Unknown	Unknown	Subject to discounts because, when compared, other similar long-terms loans are meaningfully discounted. No specific discount percentage given.



What if the Grantor Dies During the Note Term?

- It is unclear whether income tax would be realized if the grantor dies during the note term.
- A few commentators believe that the promissory note represents income in respect of decedent, which does not get a step-up in basis under IRC Section 1014. Thus, in their view, gain would be recognized if the outstanding note balance exceeded the grantor's basis in the note immediately before death. This view is flawed!
 - If the deemed sale qualifies for installment treatment under Section 453, the realized gain would be reported only as principal payments are made; if the assets sold were marketable securities, the installment sale is not eligible for the installment method and gain is deemed to be reported, most likely on the sellers' final income tax return death.
- Because the note cannot be income in respect of a decedent, the holder of the note (i.e., the grantor's successor-in-interest) is entitled to a step-up in basis on the note upon the grantor's death pursuant to Section 1014, which presumably would equal the value of the note included in the gross estate. If the note is valued in the gross estate at a discount, that value must be used and a market discount debt obligation is created under § 1276.
- For an excellent discussion of both sides of this issue (and other issues applicable to the Installment Sale to a Grantor Trust), see Michael D. Mulligan's paper, "A 'Reality of Sale' Analysis of Installment Sales to Grantor Trusts: Properly Structured, the Best Transfer Tax Strategy" presented at the 2015 Notre Dame Tax & Estate Planning Institute.



1. **What is income in respect of a decedent?** Under § 691, IRD is income that was earned while the decedent was living but was not reported on the decedent's individual income tax returns.

Example: A cash method taxpayer was not paid wages earned while living because the decedent used the cash method of accounting.

Example. While living the decedent sold an appreciated asset in exchange for third-party buyer's installment note and used the installment method of accounting to report the gain "realized" while living to when the note principal is paid. The gain was "realized" by the seller while living but was not reported because the installment method of accounting deferred reporting the "realized" gain.

2. With an installment sale to a grantor trust no gain was "realized" while the decedent was living.
3. **Because the note included in decedent's gross estate is not IRD, its basis is determined under § 1014(a).** Caution: If note value is discounted, § 1276 creates a market discount debt obligation. When the note principal is paid, the excess of principal over basis is ordinary income.



4. Because death cannot be an income tax realization event, no gain can be reported when the grantor dies with the grantor trust's note still outstanding.

That leaves two choices.

- a. Apply Section 1015(b): “If property is acquired by a transfer in trust, the basis shall be the same as it would be in the hands of the grantor.” The note in the grantor’s gross estate takes a Section 1014(a) basis and the grantor’s basis continues as the non-grantor trust’s basis. Because Section 1015 was only intended to apply to gifts in trust, and the grantor’s sale was not a gift, Section 1015(b) should not apply to transfers at death.
- b. Upon conversion to a non-grantor trust by reason of death, the transfer occurred simultaneously with death. The trust is deemed to acquire the asset by purchase and its basis in the asset purchased should be a cost basis under section 1012, equal to the outstanding principal on the note at the time of death.



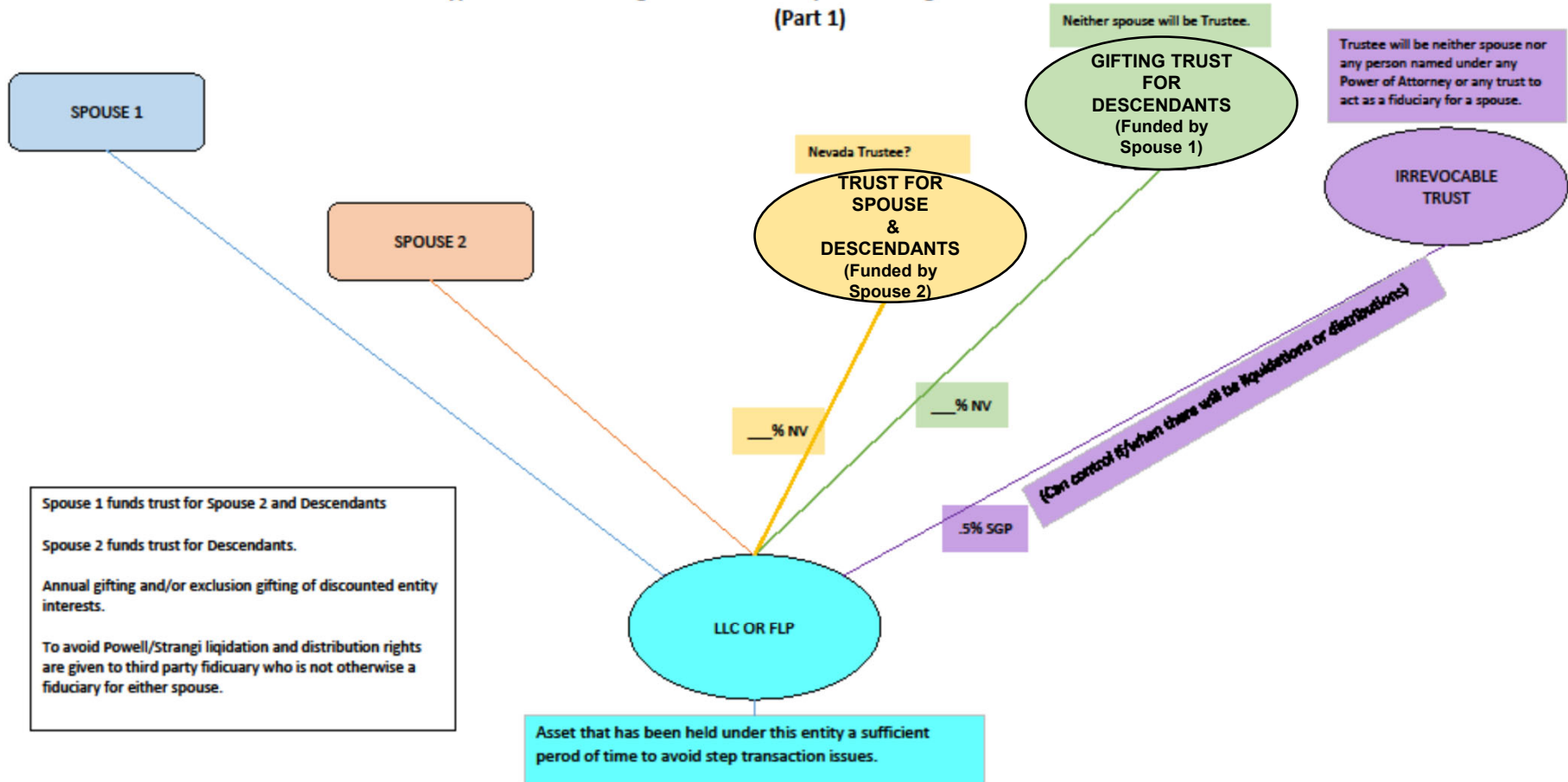
Must a sale for adequate consideration be reported on a Gift Tax Return? vs. Optional (Recommended)

WHAT HAS TO BE REPORTED ON A GIFT TAX RETURN VERSES OPTIONAL (BUT RECOMMENDED)

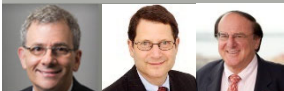
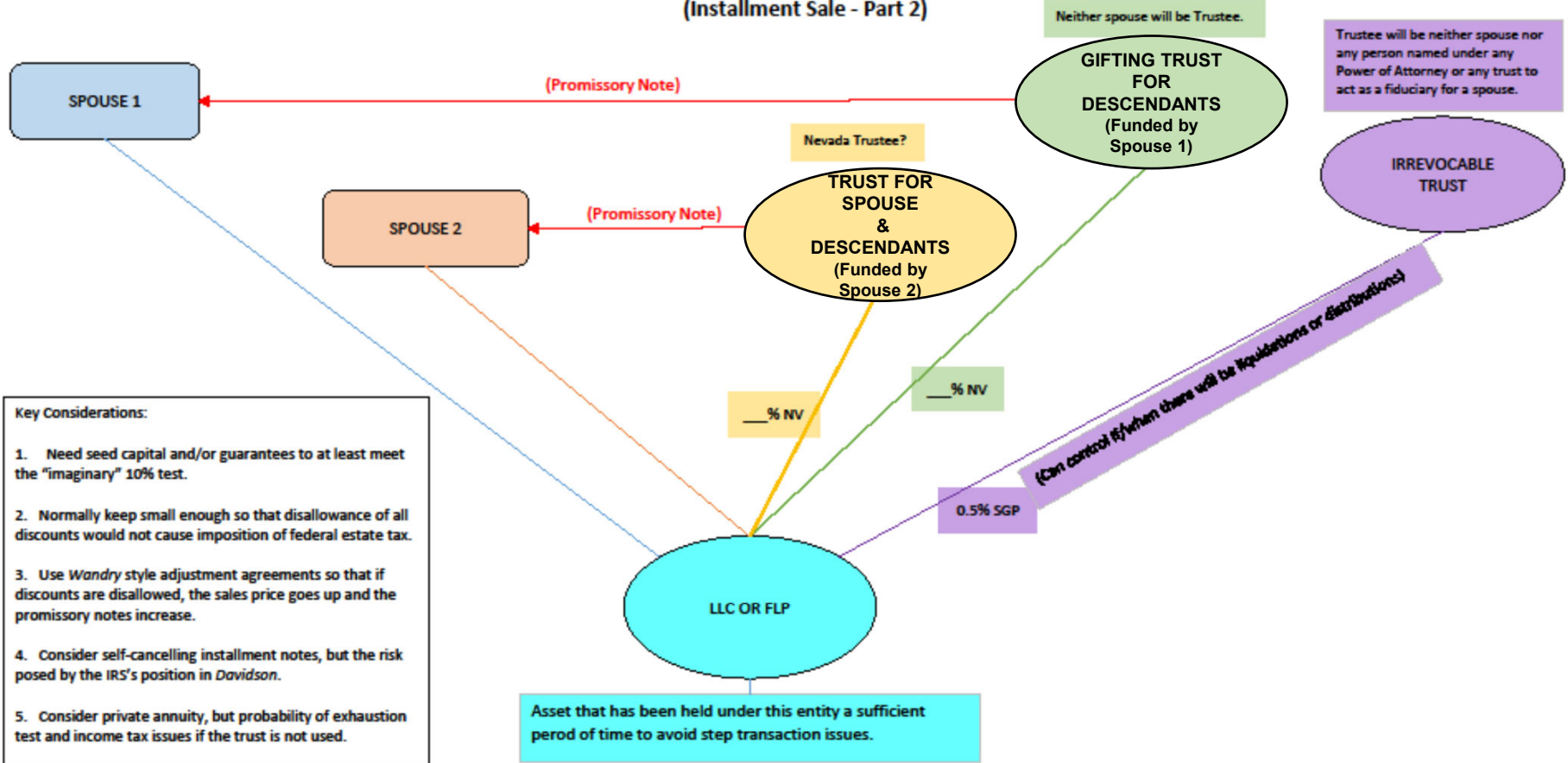
		Required To Be Disclosed	Not Required To Be Disclosed
1.	Any seed capital gift to the irrevocable trust.	Required, if exceeds the \$15,000 annual exclusion that may be available.	
2.	The funding of a family holding LLC		May not need to be reported.
3.	A sale for a proper note - amount owed equals FMV of assets sold.		May not need to be reported.
4.	Cancellation or gifting of the note.	This will need to be reported.	



Typical Annual Gifting and Use of Exemption Gifting for Estate Taxable Clients (Part 1)



TYPICAL ANNUAL GIFTING AND USE OF EXEMPTION GIFTING FOR ESTATE TAXABLE CLIENTS
(Installment Sale - Part 2)



Installment Sale to IDGT with Interest Bearing Promissory Note



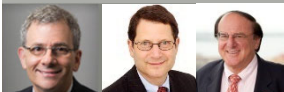
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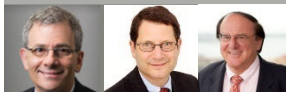
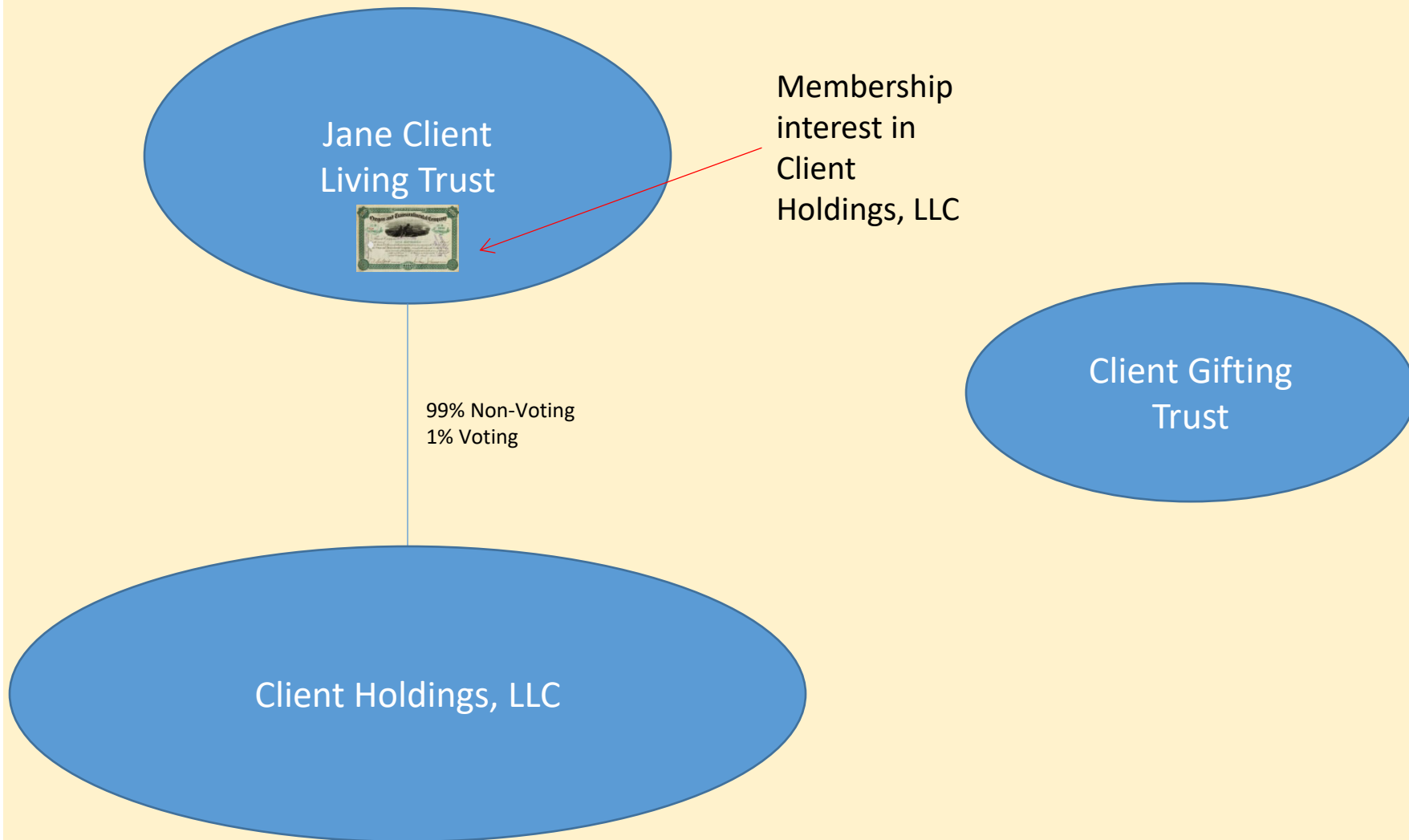
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Installment Sale to IDGT

- This technique involves selling a portion of Mrs. Client's ownership in Client Holdings, LLC to the Client Gifting Trust in exchange for a promissory note.
- This technique allows the value of the ownership in Client Holdings, LLC that is transferred to the Client Gifting Trust to be excluded from estate tax upon Mrs. Client's death, and only the value of the promissory note will be subject to estate tax upon Mrs. Client's death. Thus, any growth and income relating to the ownership of Client Holdings, LLC that is transferred which is above the stated interest rate in the promissory note will be excluded from estate tax upon Mrs. Client's death.
- Mrs. Client is treated as the owner of the Client Gifting Trust for income tax purposes and will be responsible for paying all of the income taxes associated with the Client Gifting Trust. This allows the assets in the Trust to grow on a tax-free basis and increases the estate tax savings.



Current Structure



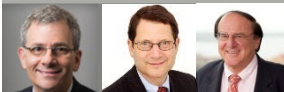
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Step One – Contribute Seed Capital Gift to Client Gifting Trust

Client Gifting Trust

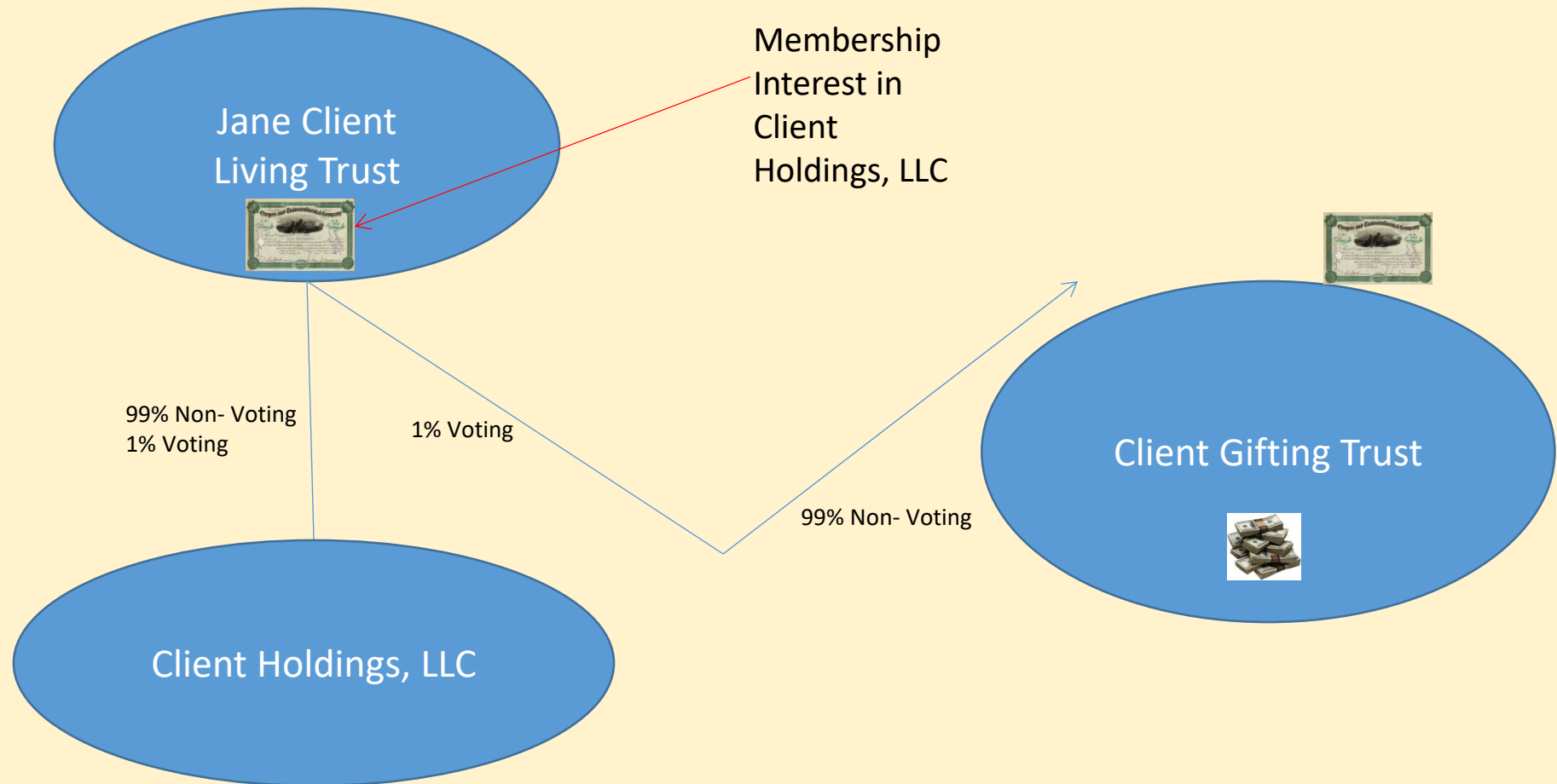


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Step Two – Sell Interest in Client Holdings, LLC to Client Gifting Trust

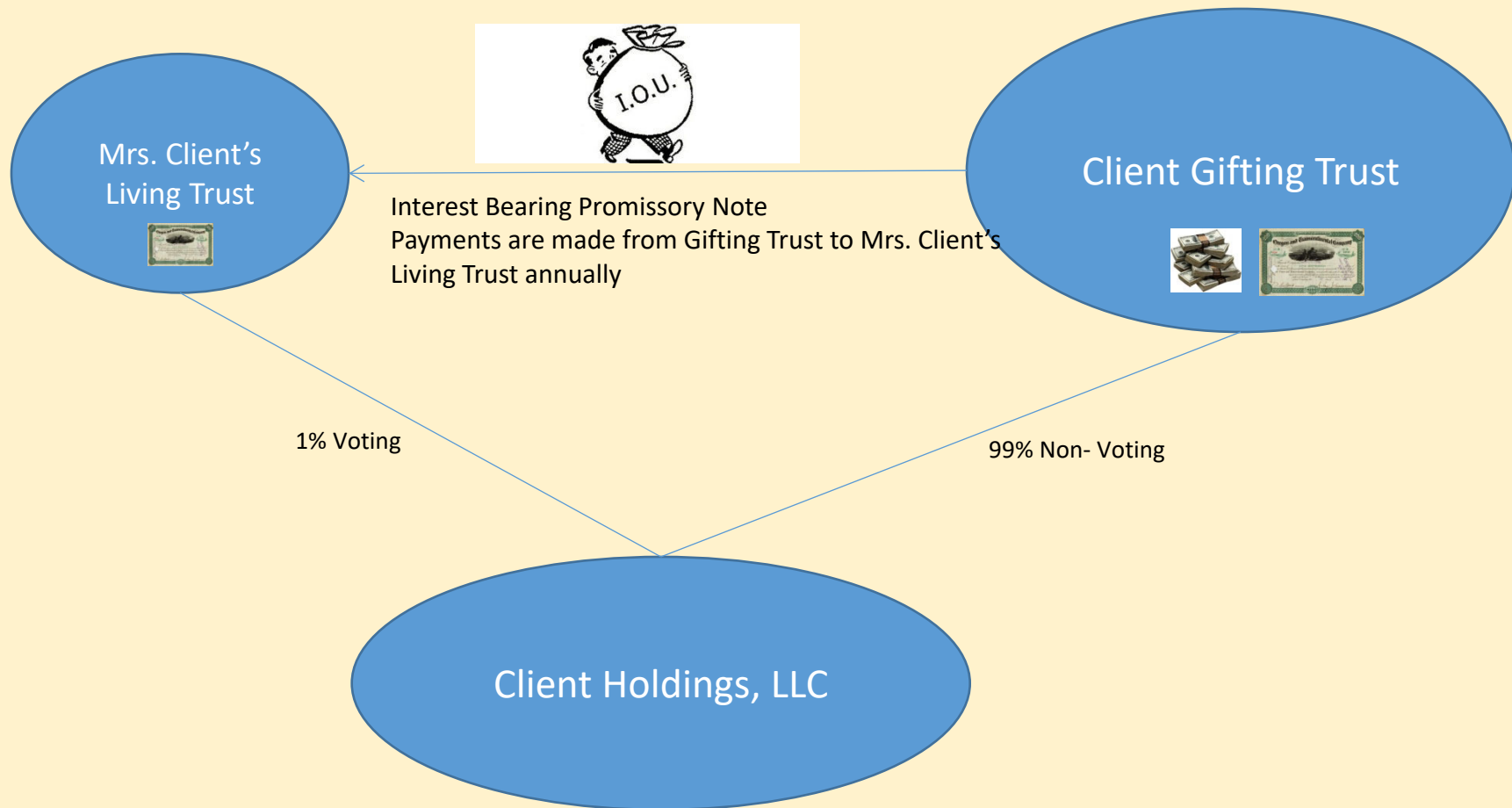


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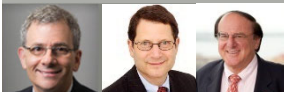
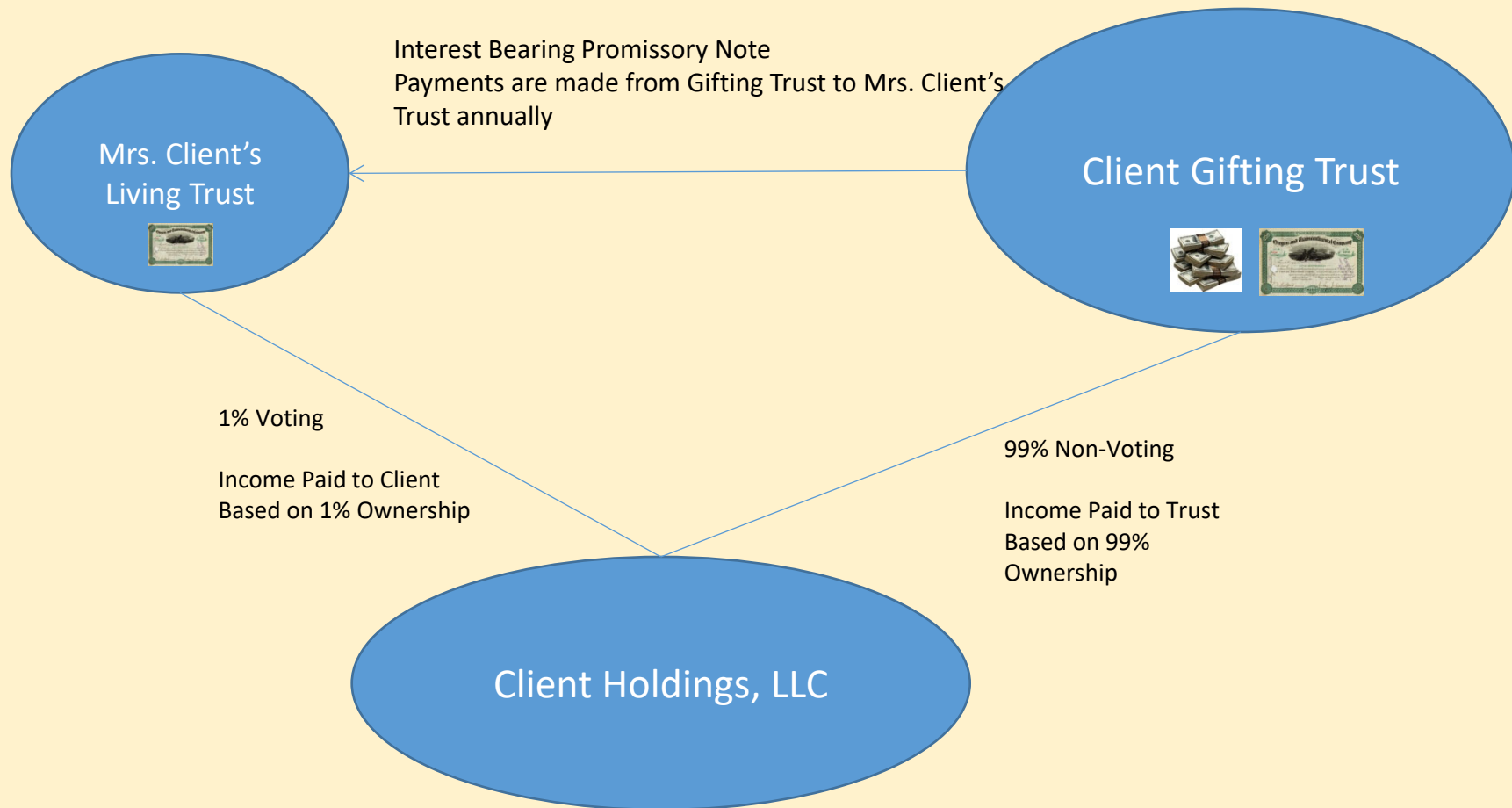
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Step Three – Client’s Living Trust Receives Note in Exchange for Sale of Membership Interest in Client Holdings, LLC.

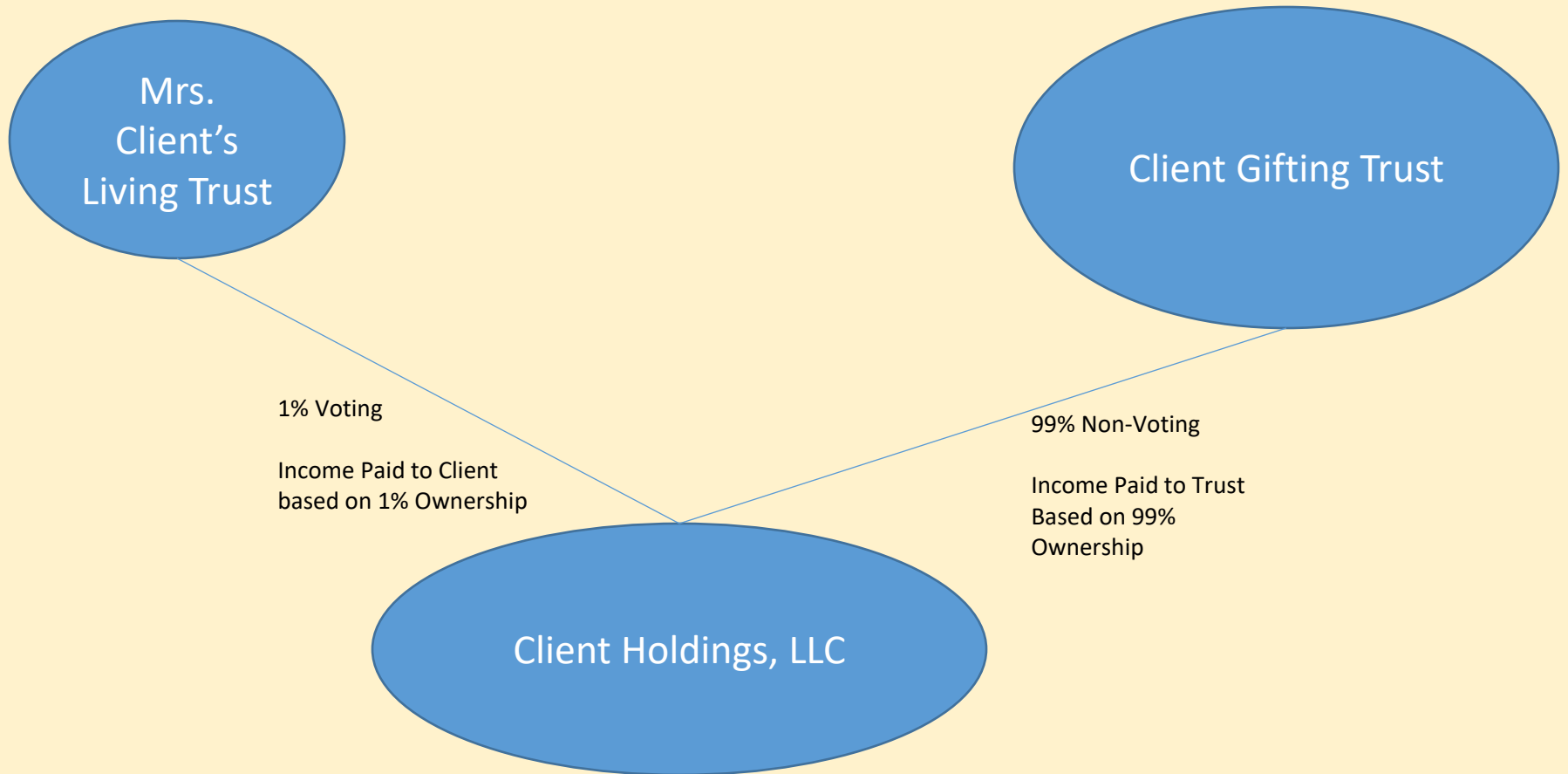


Structure During Note Term (9 Years)



Ending Structure

99% Ownership Transferred Estate Tax Free



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Lifetime Q-TIP Trusts to the Rescue

An alternative strategy that married taxpayers may use to have the client the ability to pull the plug on a large 2020 gift as late as September of 2021, would be to transfer the low interest long-term note in late December of 2020 to a “Lifetime Q-TIP Trust” that will qualify for the estate tax deduction to the extent necessary to avoid imposition of gift tax on the donor spouse.

A Q-TIP Trust is a trust that must pay all income to the spouse beneficiary, and can be used solely to benefit the spouse beneficiary during his or her lifetime. A trustee can be given the power to devise all assets under the trust to such spouse.

A Q-TIP Trust can be divided into two separate sub trusts, one of which can be considered to be a Credit Shelter Trust that will not be subject to estate tax on the death of the spouse beneficiary, with the other trust qualifying for the marital deduction and being considered to be a Grantor Trust owned by the spouse beneficiary during her lifetime.

The Grantor of the Q-TIP Trust can elect what portion of the trust will be treated as the Credit Shelter Trust, and what portion of the trust will be considered to be the Marital Deduction Trust, in the manner described above by an election that must be filed by April 15 of the calendar year following the contribution to the Trust, or by October 15, if the Grantor spouse files a timely extension. It is essential that the election be made on time, because there is no relief available if not. *See Creative Trust Planning Strategies for Using Lifetime Q-Tips, by Richard S. Franklin, ABA Section of Real Property Trusts and Estates Law Webinar April 7, 2018.* Richard Franklin can be contacted at rfranklin@fkl-law.com.



Lifetime Q-TIP Trusts to the Rescue, *Cont'd*

This mechanism allows a grantor who is uncertain as to whether he or she wants to use some or all of his or her remaining estate tax exemption amount, and also enables the Grantor to use a “Formula Clause”, which may best be described by the following example:

Harold has \$10,000,000 of his \$11,580,000 estate tax exclusion remaining in December, 2020. He also has a \$15,000,000 low interest rate promissory note that pays interest annually and will balloon in 20 years. The note may be worth \$12,000,000.

Harold places the promissory note into a lifetime Q-TIP Trust for his wife, Dorothy in 2020 immediately after it is determined that Joseph Biden has won the presidential election. Harold then waits to see whether the estate tax exemption is reduced in 2021. On or before the due date in 2021 Harold may file an election to treat the entire Q-TIP Trust as a Marital Deduction Gift, and thus retain his exclusion amount, as if no gift was made. In that event, the trustee of the Q-TIP Trust may distribute the note to Dorothy, so that no large gift has essentially been made.

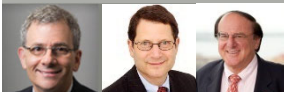
Alternatively, if the estate tax exclusion is reduced retroactively to January 1, 2021, then Harold can make the gift to the Q-TIP Trust effective in 2020 as a “retroactive” gift of his remaining exemption amount by making a Formula Election which says “have an amount of assets in Credit Shelter portion of the Q-TIP Trust equal in value to my remaining exclusion amount divided by the total value of trust assets, with the remaining trust assets to be held as a Marital Deduction Trust.”



Lifetime Q-TIP Trusts to the Rescue, *Cont'd*

The Trustee hires a valuation expert in 2021 after Harold has made his election, and the expert opines that 83.33% of the note should pass to the Credit Shelter portion of the Q-TIP Trust and 16.67% of the note should pass to the Marital Deduction portion. 83.33% of \$15,000,000 is \$12,500,000 in principal that the Credit Shelter Trust may receive if the note is paid off after a few years of having the trust receive interest payments. The remaining \$2,550,000 portion of the note that is in the Q-TIP Marital Deduction sub trust will be included in his spouse's taxable estate, and may be subject to both a time value of money discount for the low interest rate situation and a partial ownership discount, as per the *Smith v. U.S.* case, which is discussed above.

If the IRS audits a gift tax return more of the note may have to be allocated to the Marital Deduction portion, but no gift tax will be owed.



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Lifetime Q-TIP Trusts to the Rescue, *Cont'd*

One disadvantage of the Credit Shelter Sub-trust feature of the Q-TIP Trust is that it must pay all income to the surviving spouse, which would mean all interest payments on the promissory note portion allocated to the Credit Shelter Trust will come out to the spouse, but the note may be paid in full, and then the money may be invested in growth stocks that pay no dividends.

In the 1992 5th Circuit Court of Appeals decision of *Estate of Clayton* (976 F.2d 1486), the Court held that the portion of the Q-TIP Trust designated as a Credit Shelter Trust (to not qualify for the marital deduction) would not have to pay income to the surviving spouse if drafted to provide for this. The IRS responded to this case by establishing the “Clayton Q-TIP Election” regulations at Sec. 20.2056(b)-7(d) to allow for this for a Q-TIP trust formed at death, but it is not clear whether this treatment can apply for a lifetime Q-TIP gift.[\[1\]](#)

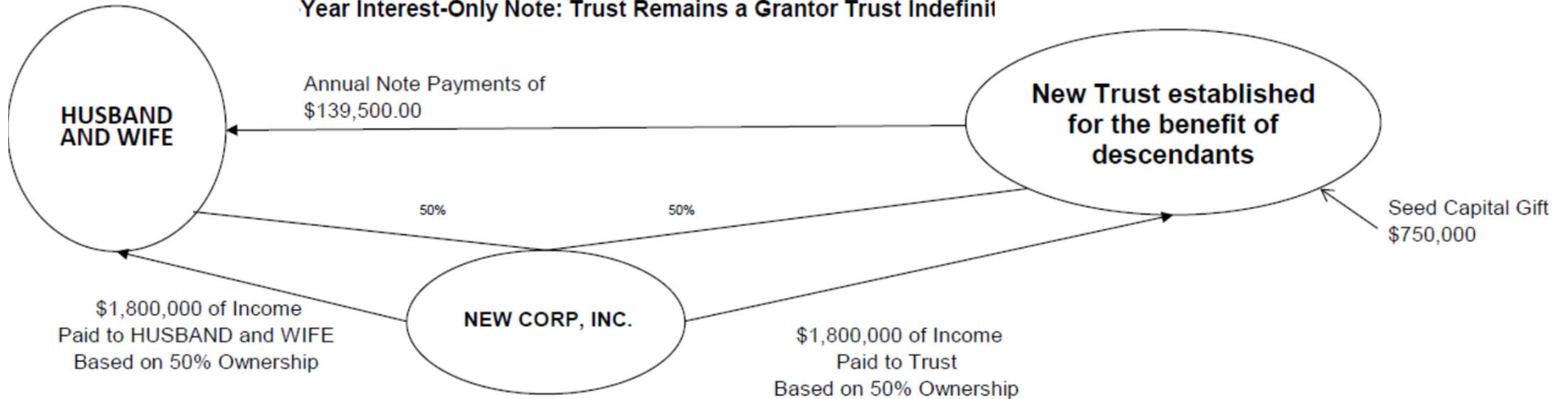


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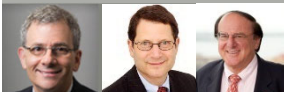
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TAB 1- INSTALLMENT SALE OF 50% INTEREST TO INTENTIONALLY DEFECTIVE GRANTOR TRUST
Year Interest-Only Note: Trust Remains a Grantor Trust Indefinit



Undiscounted Value of Company: \$22,500,000
Discounted Value of 50% Interest in Company: \$7,500,000



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Column ID	A	B	C	D	E	F	G	H	I
Year	<u>Reported Value of 50% Interest in NEW CORP. INC. Assuming 7% Growth Per Year (with Valuation Discounts)</u>	<u>Actual Value of 50% Interest in NEW CORP. INC. Assuming 7% Growth Per Year (Without Valuation Discounts)</u>	<u>Sale Price of 50% Stock Interest with Discount</u>	<u>Income Earned by Trust from 50% Stock Interest (Based Upon 16% of Undiscounted Value)</u>	<u>Annual Note Payments Payable to HUSBAND and WIFE</u>	<u>Portion of Payment as Principal</u>	<u>Portion of Payment as Interest</u>	<u>Outstanding Balance of Note</u>	<u>Excess Assets in Trust (Assuming Growth at 4% Per Year)</u>
1	\$7,500,000.00	\$11,250,000.00	\$7,500,000.00	\$1,800,000.00	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$1,726,920.00
2	\$8,025,000.00	\$12,037,500.00		\$1,926,000.00	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$1,857,960.00
3	\$8,586,750.00	\$12,880,125.00		\$2,060,820.00	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$1,998,172.80
4	\$9,187,822.50	\$13,781,733.75		\$2,205,077.40	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$2,148,200.50
5	\$9,830,970.08	\$14,746,455.11		\$2,359,432.82	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$2,308,730.13
6	\$10,519,137.98	\$15,778,706.97		\$2,524,593.12	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$2,480,496.84
7	\$11,255,477.64	\$16,883,216.46		\$2,701,314.63	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$2,664,287.22
8	\$12,043,361.07	\$18,065,041.61		\$2,890,406.66	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$2,860,942.92
9	\$12,886,396.35	\$19,329,594.52		\$3,092,735.12	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$3,071,364.53
10	\$13,788,444.09	\$20,682,666.14		\$3,309,226.58	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$3,296,515.65
11	\$14,753,635.18	\$22,130,452.77		\$3,540,872.44	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$3,537,427.34
12	\$15,786,389.64	\$23,679,584.46		\$3,788,733.51	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$3,795,202.85
13	\$16,891,436.92	\$25,337,155.38		\$4,053,944.86	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$4,071,022.65
14	\$18,073,837.50	\$27,110,756.25		\$4,337,721.00	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$4,366,149.84
15	\$19,339,006.13	\$29,008,509.19		\$4,641,361.47	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$4,681,935.93
16	\$20,692,736.56	\$31,039,104.83		\$4,966,256.77	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$5,019,827.04
17	\$22,141,228.11	\$33,211,842.17		\$5,313,894.75	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$5,381,370.54
18	\$23,691,114.08	\$35,536,671.12		\$5,685,867.38	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$5,768,222.07
19	\$25,349,492.07	\$38,024,238.10		\$6,083,878.10	\$139,500.00	\$0.00	\$139,500.00	\$7,500,000.00	\$6,182,153.22
20	\$27,123,956.51	\$40,685,934.77		\$6,509,749.56	\$7,639,500.00	\$7,500,000.00	\$139,500.00	\$0.00	(\$1,129,750.44)

Interest Rate: 1.860%
Loan Amount: \$7,500,000.00
Annual Minimum Regular Payment Amount: \$139,500.00
Balloon Payment Amount (If Loan Is Not Paid Off By Maturity): \$7,500,000.00
Total Loan Payments: \$10,290,000.00

Excess of Value of Trust Assets Over Promissory Note in Year 20: \$41,964,791.67



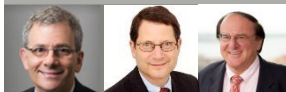
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Tab 1-Installment Sale of 50% Interest to Intentionally Defective Grantor Trust, *Cont'd*

J	K	L	M	N	O
<u>Trust Income Taxes Paid by HUSBAND and WIFE (37% Tax Rate)</u>	<u>Excess of Note Payments to HUSBAND and WIFE Over Tax Payments (Or Note Payments Deficit)</u>	<u>Amount Included in the Estate of the Survivor of HUSBAND and WIFE if the Survivor Dies in Particular Year (Assuming that Note interest payments are spent on income tax payments and living expenses)</u>	<u>Value of 50% Stock Interest and Trust Excess Cash Excluded from HUSBAND's and WIFE's Estates (Without Valuation Discounts)</u>	<u>Value of Assets Shifted Outside of HUSBAND's and WIFE's Estates If They Die in a Particular Year</u>	<u>Estate Tax Savings if the Survivor of HUSBAND and WIFE Dies in a Particular Year</u>
(\$690,575.40)	(\$551,075.40)	\$7,500,000.00	\$12,976,920.00	\$6,167,495.40	\$2,466,998.16
(\$739,060.20)	(\$599,560.20)	\$7,500,000.00	\$13,895,460.00	\$7,134,520.20	\$2,853,808.08
(\$790,938.94)	(\$651,438.94)	\$7,500,000.00	\$14,878,297.80	\$8,169,236.74	\$3,267,694.69
(\$846,449.18)	(\$706,949.18)	\$7,500,000.00	\$15,929,934.25	\$9,276,383.43	\$3,710,553.37
(\$905,845.15)	(\$766,345.15)	\$7,500,000.00	\$17,055,185.24	\$10,461,030.39	\$4,184,412.16
(\$969,398.83)	(\$829,898.83)	\$7,500,000.00	\$18,259,203.81	\$11,728,602.64	\$4,691,441.06
(\$1,037,401.27)	(\$897,901.27)	\$7,500,000.00	\$19,547,503.68	\$13,084,904.95	\$5,233,961.98
(\$1,110,163.88)	(\$970,663.88)	\$7,500,000.00	\$20,925,984.53	\$14,536,148.42	\$5,814,459.37
(\$1,188,019.88)	(\$1,048,519.88)	\$7,500,000.00	\$22,400,959.05	\$16,088,978.93	\$6,435,591.57
(\$1,271,325.79)	(\$1,131,825.79)	\$7,500,000.00	\$23,979,181.79	\$17,750,507.57	\$7,100,203.03
(\$1,360,463.12)	(\$1,220,963.12)	\$7,500,000.00	\$25,667,880.11	\$19,528,343.23	\$7,811,337.29
(\$1,455,840.06)	(\$1,316,340.06)	\$7,500,000.00	\$27,474,787.32	\$21,430,627.37	\$8,572,250.95
(\$1,557,893.38)	(\$1,418,393.38)	\$7,500,000.00	\$29,408,178.03	\$23,466,071.41	\$9,386,428.57
(\$1,667,090.44)	(\$1,527,590.44)	\$7,500,000.00	\$31,476,906.09	\$25,643,996.53	\$10,257,598.61
(\$1,783,931.29)	(\$1,644,431.29)	\$7,500,000.00	\$33,690,445.12	\$27,974,376.41	\$11,189,750.57
(\$1,908,951.01)	(\$1,769,451.01)	\$7,500,000.00	\$36,058,931.88	\$30,467,882.88	\$12,187,153.15
(\$2,042,722.10)	(\$1,903,222.10)	\$7,500,000.00	\$38,593,212.71	\$33,135,934.81	\$13,254,373.92
(\$2,185,857.17)	(\$2,046,357.17)	\$7,500,000.00	\$41,304,893.20	\$35,990,750.37	\$14,396,300.15
(\$2,339,011.69)	(\$2,199,511.69)	\$7,500,000.00	\$44,206,391.32	\$39,045,403.01	\$15,618,161.21
(\$2,408,607.34)	\$5,230,892.66	\$0.00	\$39,556,184.33	\$41,964,791.67	\$16,785,916.67

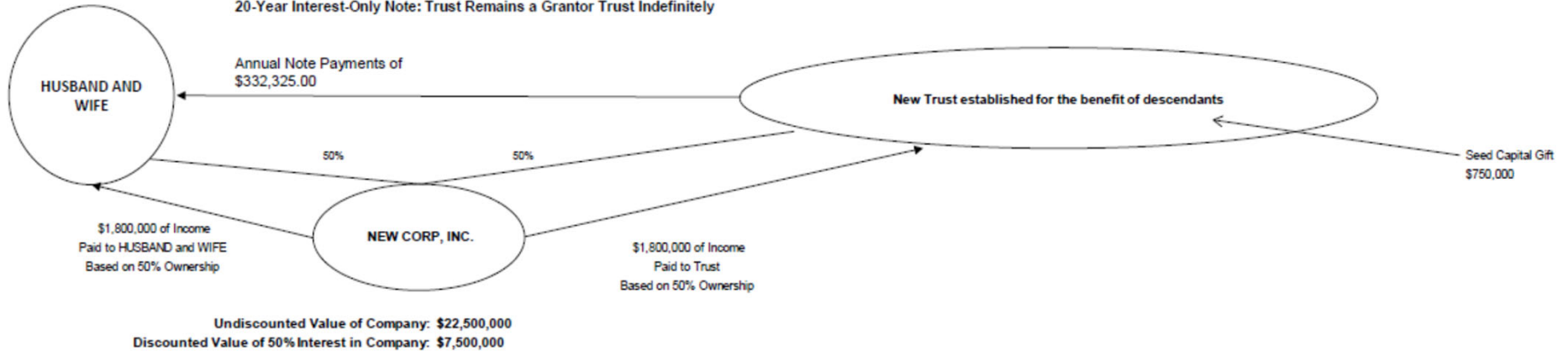


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TAB 5 - SELF CANCELLING INSTALLMENT SALE OF 50% INTEREST TO INTENTIONALLY DEFECTIVE GRANTOR TRUST
 20-Year Interest-Only Note: Trust Remains a Grantor Trust Indefinitely



Column ID	A	B	C	D	E	F	G		H	I
Year	Reported Value of 50% Interest in NEW CORP, INC. Assuming 7% Growth Per Year (with Valuation Discounts)	Actual Value of 50% Interest in NEW CORP, INC. Assuming 7% Growth Per Year (Without Valuation Discounts)	Sale Price of 50% Stock Interest with Discount	Income Earned by Trust from 50% Stock Interest (Based Upon 16% of Undiscounted Value)	Annual Note Payments Payable to HUSBAND and WIFE	Portion of Payment as Principal	Portion of Payment as Interest	Cumulative Payments Paid to HUSBAND and WIFE	Outstanding Balance of Note	Excess Assets in Trust (Assuming Growth at 4% Per Year)
1	\$7,500,000.00	\$11,250,000.00	\$7,500,000.00	\$1,800,000.00	\$332,325.00	\$0.00	\$332,325.00	(\$332,325.00)	\$7,500,000.00	\$1,526,382.00
2	\$8,025,000.00	\$12,037,500.00		\$1,926,000.00	\$332,325.00	\$0.00	\$332,325.00	(\$664,650.00)	\$7,500,000.00	\$1,657,422.00
3	\$8,586,750.00	\$12,880,125.00		\$2,060,820.00	\$332,325.00	\$0.00	\$332,325.00	(\$996,975.00)	\$7,500,000.00	\$1,797,634.80
4	\$9,187,822.50	\$13,781,733.75		\$2,205,077.40	\$332,325.00	\$0.00	\$332,325.00	(\$1,329,300.00)	\$7,500,000.00	\$1,947,662.50
5	\$9,830,970.08	\$14,746,455.11		\$2,359,432.82	\$332,325.00	\$0.00	\$332,325.00	(\$1,661,625.00)	\$7,500,000.00	\$2,108,192.13
6	\$10,519,137.98	\$15,778,706.97		\$2,524,593.12	\$332,325.00	\$0.00	\$332,325.00	(\$1,993,950.00)	\$7,500,000.00	\$2,279,958.84
7	\$11,255,477.64	\$16,883,216.46		\$2,701,314.63	\$332,325.00	\$0.00	\$332,325.00	(\$2,326,275.00)	\$7,500,000.00	\$2,463,749.22
8	\$12,043,361.07	\$18,065,041.61		\$2,890,406.66	\$332,325.00	\$0.00	\$332,325.00	(\$2,658,600.00)	\$7,500,000.00	\$2,660,404.92
9	\$12,886,396.35	\$19,329,594.52		\$3,092,735.12	\$332,325.00	\$0.00	\$332,325.00	(\$2,990,925.00)	\$7,500,000.00	\$2,870,826.53
10	\$13,788,444.09	\$20,682,666.14		\$3,309,226.58	\$332,325.00	\$0.00	\$332,325.00	(\$3,323,250.00)	\$7,500,000.00	\$3,095,977.65
11	\$14,753,635.18	\$22,130,452.77		\$3,540,872.44	\$332,325.00	\$0.00	\$332,325.00	(\$3,655,575.00)	\$7,500,000.00	\$3,336,889.34
12	\$15,786,389.64	\$23,679,584.46		\$3,788,733.51	\$332,325.00	\$0.00	\$332,325.00	(\$3,987,900.00)	\$7,500,000.00	\$3,594,664.85
13	\$16,891,436.92	\$25,337,155.38		\$4,053,944.86	\$332,325.00	\$0.00	\$332,325.00	(\$4,320,225.00)	\$7,500,000.00	\$3,870,484.65
14	\$18,073,837.50	\$27,110,756.25		\$4,337,721.00	\$332,325.00	\$0.00	\$332,325.00	(\$4,652,550.00)	\$7,500,000.00	\$4,165,611.84
15	\$19,339,006.13	\$29,008,509.19		\$4,641,361.47	\$332,325.00	\$0.00	\$332,325.00	(\$4,984,875.00)	\$7,500,000.00	\$4,481,397.93
16	\$20,692,736.56	\$31,039,104.83		\$4,966,256.77	\$332,325.00	\$0.00	\$332,325.00	(\$5,317,200.00)	\$7,500,000.00	\$4,819,289.04
17	\$22,141,228.11	\$33,211,842.17		\$5,313,894.75	\$332,325.00	\$0.00	\$332,325.00	(\$5,649,525.00)	\$7,500,000.00	\$5,180,832.54
18	\$23,691,114.08	\$35,536,671.12		\$5,685,867.38	\$332,325.00	\$0.00	\$332,325.00	(\$5,981,850.00)	\$7,500,000.00	\$5,567,684.07
19	\$25,349,492.07	\$38,024,238.10		\$6,083,878.10	\$332,325.00	\$0.00	\$332,325.00	(\$6,314,175.00)	\$7,500,000.00	\$5,981,615.22
20	\$27,123,956.51	\$40,685,934.77		\$6,509,749.56	\$7,832,325.00	\$7,500,000.00	\$332,325.00	(\$14,146,500.00)	\$0.00	(\$1,322,575.44)

Interest Rate: 4.431%
 Loan Amount: \$7,500,000.00
 Annual Minimum Regular Payment Amount: \$332,325.00
 Balloon Payment Amount (If Loan Is Not Paid Off By Maturity): \$7,500,000.00
 Total Loan Payments: \$14,146,500.00

Excess of Value of Trust Assets Over Promissory Note in Year 20: \$41,771,966.67



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Tab 3-Self-Cancelling Installment Sale of 50% Interest to Intentionally Defective Grantor Trust, *Cont'd*

	J	K	L	M	N	O
<u>Income Earned on Excess Cash (Assuming Growth at 4% Per Year)</u>	<u>Trust Income Taxes Paid by HUSBAND and WIFE (37% Tax Rate)</u>	<u>Excess of Note Payments to HUSBAND and WIFE Over Tax Payments (Or Note Payments Deficit)</u>	<u>Amount Included in the Estate of the Survivor of HUSBAND and WIFE if the Survivor Dies in Particular Year (Assuming that Note interest payments are spent on income tax payments and living expenses)</u>	<u>Value of 50% Stock Interest and Trust Excess Cash Excluded from HUSBAND's and WIFE's Estates (Without Valuation Discounts)</u>	<u>Value of Assets Shifted Outside of HUSBAND's and WIFE's Estates If They Die in a Particular Year</u>	<u>Estate Tax Savings if the Survivor of HUSBAND and WIFE Dies in a Particular Year</u>
\$58,707.00	(\$687,721.59)	(\$355,396.59)	\$0.00	\$12,776,382.00	\$13,464,103.59	\$5,385,641.44
\$63,747.00	(\$736,206.39)	(\$403,881.39)	\$0.00	\$13,694,922.00	\$14,431,128.39	\$5,772,451.36
\$69,139.80	(\$788,085.13)	(\$455,760.13)	\$0.00	\$14,677,759.80	\$15,465,844.93	\$6,186,337.97
\$74,910.10	(\$843,595.37)	(\$511,270.37)	\$0.00	\$15,729,396.25	\$16,572,991.62	\$6,629,196.65
\$81,084.31	(\$902,991.34)	(\$570,666.34)	\$7,500,000.00	\$16,854,647.24	\$10,257,638.58	\$4,103,055.43
\$87,690.72	(\$966,545.02)	(\$634,220.02)	\$7,500,000.00	\$18,058,665.81	\$11,525,210.83	\$4,610,084.33
\$94,759.59	(\$1,034,547.46)	(\$702,222.46)	\$7,500,000.00	\$19,346,965.68	\$12,881,513.14	\$5,152,605.26
\$102,323.27	(\$1,107,310.07)	(\$774,985.07)	\$7,500,000.00	\$20,725,446.53	\$14,332,756.61	\$5,733,102.64
\$110,416.40	(\$1,185,166.07)	(\$852,841.07)	\$7,500,000.00	\$22,200,421.05	\$15,885,587.12	\$6,354,234.85
\$119,076.06	(\$1,268,471.98)	(\$936,146.98)	\$7,500,000.00	\$23,778,643.79	\$17,547,115.76	\$7,018,846.31
\$128,341.90	(\$1,357,609.31)	(\$1,025,284.31)	\$7,500,000.00	\$25,467,342.11	\$19,324,951.42	\$7,729,980.57
\$138,256.34	(\$1,452,986.25)	(\$1,120,661.25)	\$7,500,000.00	\$27,274,249.32	\$21,227,235.56	\$8,490,894.23
\$148,864.79	(\$1,555,039.57)	(\$1,222,714.57)	\$7,500,000.00	\$29,207,640.03	\$23,262,679.60	\$9,305,071.84
\$160,215.84	(\$1,664,236.63)	(\$1,331,911.63)	\$7,500,000.00	\$31,276,368.09	\$25,440,604.72	\$10,176,241.89
\$172,361.46	(\$1,781,077.48)	(\$1,448,752.48)	\$7,500,000.00	\$33,489,907.12	\$27,770,984.60	\$11,108,393.84
\$185,357.27	(\$1,906,097.20)	(\$1,573,772.20)	\$7,500,000.00	\$35,858,393.88	\$30,264,491.07	\$12,105,796.43
\$199,262.79	(\$2,039,868.29)	(\$1,707,543.29)	\$7,500,000.00	\$38,392,674.71	\$32,932,543.00	\$13,173,017.20
\$214,141.70	(\$2,183,003.36)	(\$1,850,678.36)	\$7,500,000.00	\$41,104,355.20	\$35,787,358.56	\$14,314,943.42
\$230,062.12	(\$2,336,157.88)	(\$2,003,832.88)	\$7,500,000.00	\$44,005,853.32	\$38,842,011.20	\$15,536,804.48
\$0.00	(\$2,408,607.34)	\$5,423,717.66	\$0.00	\$39,363,359.33	\$41,771,966.67	\$16,708,786.67



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Will a Promissory Note Between Family Members and Trusts Be Considered As Legally Binding?

Austin W. Bramwell's article entitled *Donated Promise Can Lock In 2012 Gift Tax Exemption* provides a thorough summary of the use of notes in estate tax planning when the estate tax exemption may be significantly reduced, such as what planners were facing in 2012 when the exemption was scheduled to be reduced from \$5,120,000 to \$1,000,000 effective January 1, 2013.

“A donative promise to pay money in the future uses up lifetime gift tax exemption just as effectively as a gift of cash.”

The article points out that the “donative promise” must be “bona-fide,” such that “the parties intend to carry out the transaction in accordance with their terms.”

The Tax Court has held that a promissory note that was owed to a transferor who gifted it was considered to be legitimate debt “even though the donor had no intent to collect” [*Haygood*, 4242 TC 936 (1964), acq. In result 1965-1 CB 4 nonacq. 1977-2 CB 2.] See also Revenue Ruling 84-25, which held that the “gratuitous transfer of a legally binding promissory note is a completed gift.”



Will a Promissory Note Between Family Members and Trusts Be Considered As Legally Binding? – *Cont'd*

The next question is whether a promissory note that is given for little or no consideration will be a legally binding instrument under state law. Bramwell summarizes the common law that applies in most states as follows:

As a general rule, a promissory note is enforceable to the same extent that a contract is enforceable. **[11 Am. Jur. 2d Bills and Notes § 2; see also Uniform Commercial Code 3-303 Uniform Commercial Code 3-303.]** In order to make a note enforceable, therefore, it should be delivered to the donee pursuant to a valid and enforceable contract. **[The traditional elements of a contract are multiple parties, offer and acceptance, and consideration]** In particular, the note must be delivered in exchange for consideration. Legally sufficient consideration can take a variety of forms. For example, performance of an act **[11 Am. Jur. 2d Bills and Notes § 129.]** or a promise to perform a future act **[11 Am. Jur. 2d Bills and Notes § 128.]** can both be sufficient consideration. Another example of valid consideration is an act of forbearance. Thus, to take a classic example, refraining from smoking has been held to be sufficient consideration. **[*Hamer v. Sidway*, 27 NE 256 (N.Y., 1891).]** Consideration can also take the form of a transfer of property, even though both parties know that the property is being overvalued by the purchaser **[Restatement (Second) of Contracts § 71 comment c]** and even if the value of the consideration is grossly inadequate. **[Restatement (Second) of Contracts § 79 comment c.]**



Will a Promissory Note Between Family Members and Trusts Be Considered As Legally Binding? – *Cont'd*

For many would-be donors, the requirement that a promissory note be supported by consideration is a significant nontax benefit. Donors sometimes fear, often with some justice, that their gifts will not inspire gratitude from the donees. A donative promise may partially allay such fears. In order to make a taxable gift of a promise of money in the future, a donor has no choice but to demand, on the advice of counsel, that the donees take actions that they might otherwise be reluctant to perform. For example, in consideration for a \$5.12 million note, the donees could, in principle, promise to keep kosher for the rest of the year, cancel their subscription to *The New York Times*, visit their mother on Mother's Day, or read Ayn Rand's *Atlas Shrugged*.

Finally, the donor could consider structuring the contract so that the note is payable to an irrevocable trust for the benefit of the donees. For example, in exchange for a legally sufficient consideration from the donees, a donor could promise to pay \$5.12 million to a trust for their benefit. As a third-party beneficiary of a contract is generally enforceable by the intended beneficiary, **[Restatement (Second) of Contracts §§ 304 and 346 comment c.]** it should be possible to structure the contract so that the note is delivered to and is enforceable by the trustee of the trust, even if the consideration is furnished by the beneficiaries. The beneficiaries should not, in that case, be considered to have made an indirect gift to the trust, as the gift in question will have been made by the donor rather than the beneficiaries. **[In a related context, Regulations provide that where a gift is made through an intermediary, only one gift by the donor (and not the intermediary) is made. Reg. 25.2511-1(h)(2). In other words, even where a third party is involved in a transfer from the donor or the donee, only one taxable gift occurs, not two. But see *Johnstone*, 15 AFTR 382, 76 F2d 55, 35-1 USTC ¶9198, 1935-2 CB 346 (CA-9, 1935) (creating a potential for double taxation in virtue of its holding that trust assets were included in the decedent's gross estate where the decedent held a general power of appointment that could have been extinguished at any time by the settlor).]**



Will a Promissory Note Between Family Members and Trusts Be Considered As Legally Binding? – *Cont'd*

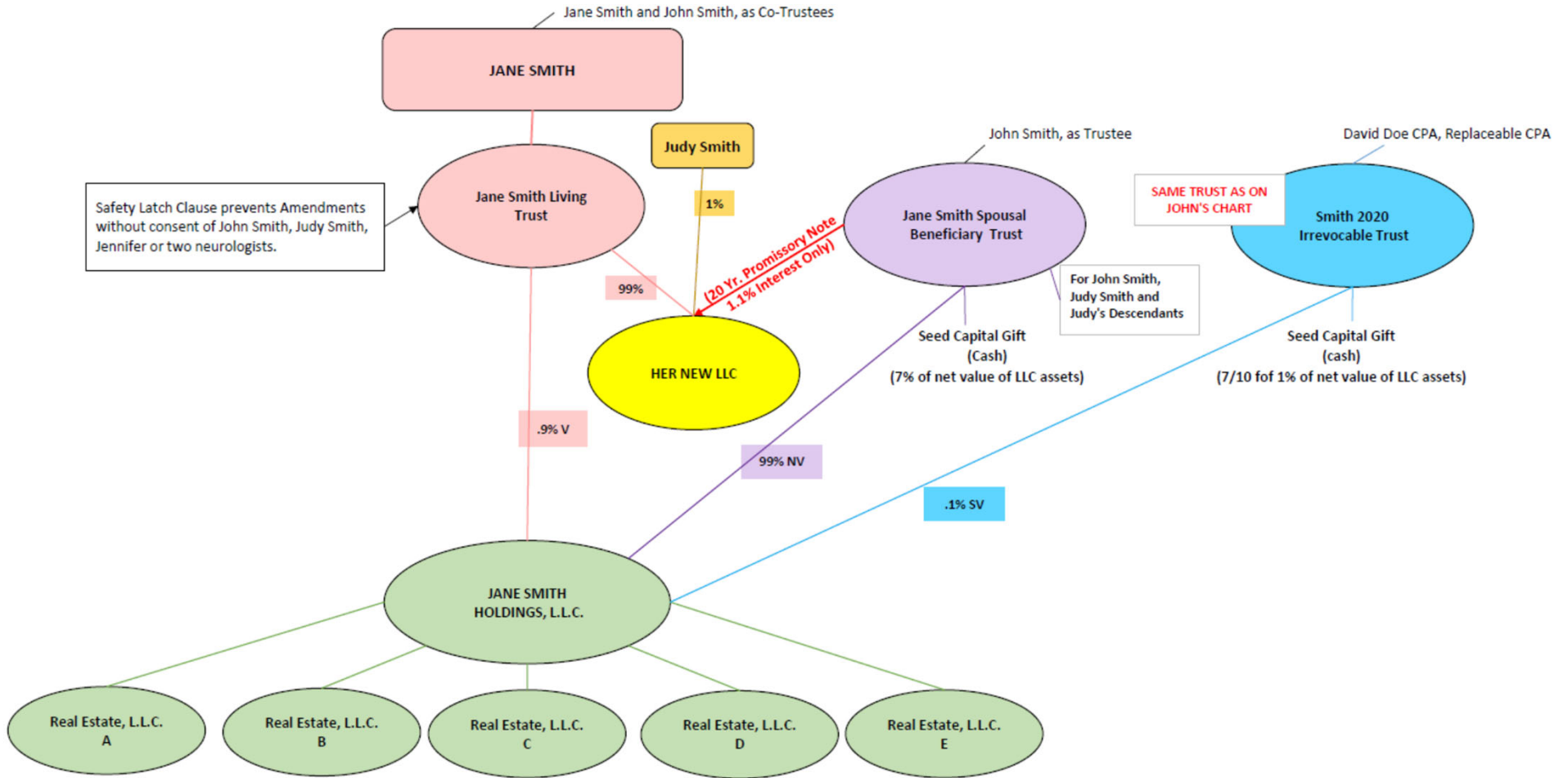
Courts will generally not consider the value of consideration that may be given for a promise to pay money. A key decision in this area is the case of *Hamer v. Sigway*, where the New York Court of Appeals opined in 1891 that a promise to pay a nephew \$5,000 to refrain from “drinking liquor, using tobacco, swearing and play cards or billiards for money until he should become 21 years of age” was valid consideration.

The *Hamer* court quoted an 1875 case which confirmed that “valuable consideration in the sense of the law may consist either in some right, interest, profit or benefit accruing to the one party, or some forbearance, detriment, loss or responsibility given, suffered upon or undertaken by the other . . . It is enough that something is promised, done, forborne or suffered by the party to whom the promise is made as consideration for the promise made to him . . . Any damage, or suspension, or forbearance of a right will be sufficient to sustain a promise.”

It therefore appears that a large promissory note made payable to an irrevocable trust will be enforceable if the Trustee of the trust undertakes to fulfill a nominal or slightly more than nominal obligation to the notemaker. Bramwell’s article points out that the obligation might be to read a book, follow a pattern of conduct for a year, or otherwise do something that is definable.



JANE SMITH ILLUSTRATION CHART



Conclusion and Additional Information

**Summary and more
Info**



Conclusion

- Many clients are hesitant to commit to a plan before knowing the election results and even if the election is Democratic, before knowing future tax legislation.
- Creative use of a note sale combined with a QTIP plan may facilitate these clients proceeding but being able to “unwind” planning after the fact.

Additional information

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