

Loans from Trusts

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**A KEY ESTATE
PLANNING GUIDE**

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Loans from Trusts Generally

- When and why to make loans from trusts.
- Criteria for a transfer to be respected as a loan.
 - Written loan document
 - Payment of interest
 - Intent to repay
 - Economics of the transaction
- Different tax treatment of a loan versus a distribution.

Loans from Trusts to the Grantor

- Benefits of having a non-fiduciary have an express power to loan to grantor. IRC Sec. 675.
- Grantor trust implications of a loan without adequate security.
- Issue of not charging adequate interest may be estate inclusion.
- Loans may provide another means of access to trust principal.

Additional information

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