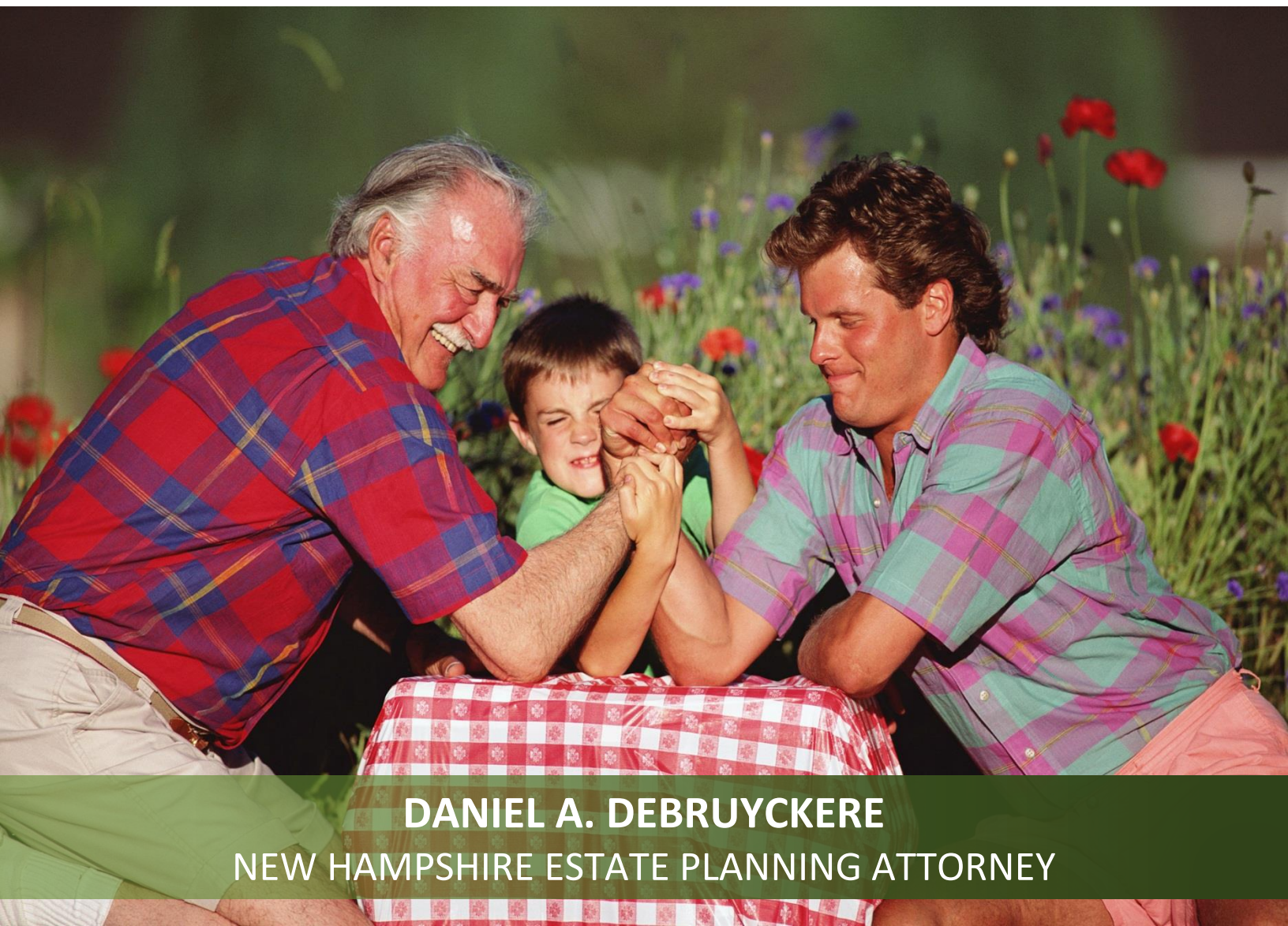


DYNASTY TRUSTS IN ESTATE PLANNING

"The advantages of a dynasty trust are far reaching and certainly beneficial for those looking to protect their estates so that they can indeed transition through the generations."



DANIEL A. DEBRUYCKERE
NEW HAMPSHIRE ESTATE PLANNING ATTORNEY

New Hampshire has long been touted as one of the best states for designating dynasty trusts. Not only does our state provide options and flexibility, but for those who are relocating, they can bring their already-in-place trusts with them. Dynasty trusts in estate planning have one sole purpose and that's to benefit



future generations. In fact, you can leave assets to your grandchildren, their grandchildren and other future generations. You have total control into how it plays out, such as how much you wish to leave those future generations.

These powerful estate planning and financial tools work as a shield against creditors and they're fine solutions for those worried about estate taxes. Many clients will pair a dynasty trust with their life insurance policies so that the tax burden isn't overwhelming for their heirs; the insurance policy covers the taxes. As much as we want to provide every opportunity and benefit for our future family members, life can be challenging: divorces, bankruptcies, remarriages, and business losses – the list is endless. A dynasty trust eliminates those worries since creditors are blocked and these trusts are usually shielded in divorce proceedings.

SOLID NUMBERS

Did you know that in New Hampshire alone, more than \$310 billion was resting nicely in dynasty trusts just two years ago? Today, that number is closer to \$350 billion. Not only that, but with a dynasty trust, you keep your private matters out

of the public eye, which is always preferred. There are no income or capital gains tax in New Hampshire; however, don't overlook the dividends and interest taxes (though non-grantor trusts are shielded).

And let's not forget the mindset of our lawmakers, "New Hampshire's firm commitment to be the best and most attractive legal environment trusts and fiduciary services ensures an environment that will continue to attract to our state good-paying jobs." Clearly, this was a well-executed plan on behalf of state lawmakers.



It gets better. Small business owners are certainly reaping the many benefits, courtesy of those recent changes. New companies are being drawn to our state every year; in fact, over the past ten years, the number of trust companies and applicable banks grew to around 38 statewide. In 2002, there were just 17 business entities.

New Hampshire is one of the first states to repeal the rule against perpetuities, meaning the trusts can last forever. Dynasty trusts are designed to provide an open channel for passing wealth through the generations.

DECANTING

Another benefit to a dynasty trust is that it allows assets to be transferred between trusts. Decanting allows for a "reboot" of sorts in that one can move the



assets to a newer trust while effectively leaving the older trust dormant. For example, a trustee would exercise the power to decant for purposes of improving some of the provisions in order to eliminate dated distributions.

Clearly, the advantages of a dynasty trust are far reaching and certainly beneficial for those looking to protect their estates so that they can indeed transition through the generations. It's important to seek legal guidance for all things related to your estate plan. When you begin weighing your options in terms of trusts, the smallest error can have long term repercussions.

OTHER TRUSTS

Finally, while dynasty trusts provide a win-win dynamic, there are other trusts available to clients. Directed trusts allow for more of a “team effort” in that more than one trustee can be named. This is often a smart move for those who want to put checks and balances in place or if one trustee is better versed in, say, the administration of the trust. Wealth preservation trusts, or asset protection trusts,

are helpful when there are concerns about creditors. Your estate planning lawyer will have you navigate those options.

Perhaps the real takeaway is the liberal tax laws. With so many uncertainties when it comes to finances and worries about the economy, the better insulated you are, the better you'll be able to care for your family while protecting their future as well.

If you'd like to learn more about dynasty trusts, we invite you to contact our offices today. It's an easy and affordable way to add a protective mechanism that will serve your needs for many years.

About the Author



Daniel A. DeBruyckere

Attorney DeBruyckere approaches each challenge not just with solid expertise, but also with a passion for helping others plan well for the future. As a husband with three children and two grandchildren, it's his own family experience that provides the motivation to ensure all of his clients are well protected. Besides his extensive background in the issues he specializes in, Dan's clients find that he genuinely cares about them, and that he pays attention to the details that matter to each person and their families.

EXPERIENCE

Attorney Daniel A. DeBruyckere has been practicing law in New Hampshire and Massachusetts since 1998, and has helped hundreds of clients with their estate planning and elder care issues. He is very well respected in the area of estate planning, probate, trust administration, elder law issues, and business planning.

Admitted in Massachusetts and New Hampshire, Attorney DeBruyckere is a former adjunct faculty member of the Massachusetts School of Law and is a member and past president of the Greater Salem Bar Association. He is also a member of the Essex County Bar Association, Massachusetts Bar Association, New Hampshire Bar Association, as well as a member of the National Association of Elder Law Attorneys.

EDUCATION

Attorney DeBruyckere is a graduate of Southern New Hampshire University, summa cum laude, and Massachusetts School of Law, cum laude. He served as editor of the Massachusetts School of Law's Law Review and was a regional finalist in the American Trial Lawyers' Association Trial Advocacy Competition.

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