



## **GIFT YOUR HOME AND LIVE IN IT, TOO**

You can move your home out of your estate with a Personal Residence Trust, known as a QPRT. This form of trust will allow a homeowner to live in a property for a specified number of years or life before passing it on to their heirs. QPRTs have been around for a good number of years, but with property values at all time lows, the time is ripe for the creation of this type of Trust. By transferring your home to a QPRT, when the market is down, you are locking in a lower gift tax amount when you move the home into the trust.

A Personal Residence Trust (QPRT) under I.R.C. §2702 (a) (3) (A) permits a personal residential home and one vacation home to be transferred with retained use of the home by the grantor. The remainder interest is given to the remaindermen after the expiration of a certain term of years stated in the Trust using the actuarial principles under I.R.C. §7520. Usually, the gift of the remainder is made by transferring the home to an irrevocable trust under which the grantor retains the right to the exclusive occupancy and use of the home as for the period of years. Treasury Reg. §25.2702-5. With the low appraisal values today, a home can be transferred out of the estate with very little use of one's lifetime credit and the grantor retains the use of the home for life (rent is paid at the end of the term of years to the remaindermen, thus getting more money out of the grantor's estate). Caution, if the grantor dies within the term of the years chosen, the value is back in the grantor's estate. I.R.C. §2036(a). Caution, you must pay the rental amount at the end of the term of years.

If you think your estate could benefit from a QPRT, please contact us to discuss this technique and how it could fit into your estate plan.