

THE MIGRATION: WHAT MAKES TENNESSEE TAX & ESTATE LAWS SO ATTRACTIVE?



TRUXTON TRUST
A PRIVATE BANK



Millie F. Adams
Associate Wealth Advisor
Wealth Management Services

People are on the move. As this interstate migration accelerates, many are taking note of Tennessee's very attractive trust and tax laws. Even for those who are staying put in their home state – they too are often implementing strategies that take advantage of the favorable environment in Tennessee. What makes Tennessee's trust and tax laws so attractive?

- Tennessee has no gift tax.
- Tennessee imposes no estate or inheritance tax.
- Tennessee has no income tax.
- Tennessee permits modification of old trusts.
- Tennessee offers asset protection for self-settled trusts.
- Tennessee allows for dynasty trusts.
- Tennessee permits the election of community property.
- Tennessee allows for non-judicial agreements as opposed to appearing before a judge.

To elaborate here are several examples highlighting how a Tennessee trust can save money on taxes and/or protect your assets from creditors:

- A resident of a state with considerable income tax rates might choose to establish a trust in Tennessee allowing for state tax-free accumulation of the income inside the trust.
 - A married couple might decide to utilize a Tennessee community property trust so that 100% of the trust's assets get a step-up in basis at the first spouse's death versus just one-half of their joint property.
 - Perhaps there is an old trust where the administrative provisions no longer optimally support the trust's beneficiaries or where trust modifications might yield meaningful tax benefits. Tennessee could be the venue to amend certain features of the trust without a costly and time-consuming judicial proceeding.
-

- A self-settled trust, by definition, is created by a Grantor and benefits him/her during their lifetime. The assets placed in this trust by the grantor are generally protected from the grantor's future creditors.

Of course, there are details and requirements to be considered for each family's unique situation. However, very often the state of Tennessee along with a Tennessee trustee can make meaningful improvements to financial outcomes both during your lifetime as well as for your heirs when you are gone. ■

CALL US
615-515-1700

VISIT US
TRUXTONTRUST.COM