



IV QTIP is held as a qualified terminable interest property marital trust for the grantor's spouse. The grantor must make the proper QTIP election on a timely filed gift tax return.

Generally, the wealthier spouse will be the grantor in order to utilize the federal estate and generation-skipping transfer (GST) tax exemptions that would otherwise be unused in the beneficiary spouse's estate. Beneficiary spouse must be the sole beneficiary and must receive all of the annual income generated by the IV QTIP.

At Death of  
Grantor's spouse:

IV QTIP assets will be included in the beneficiary spouse's estate, allowing the allocation of the beneficiary spouse's remaining estate and GST exemptions at that time. IV QTIP could also provide for a A/B trust design to be held for the grantor spouse upon the death of the beneficiary spouse, if structured properly. Portion covered generation-skipping transfer ("GST") tax exemption allocated is added to GST Exempt share and balance, if any, is added to GST Nonexempt share.

#### **LIFETIME TRUSTS FOR BENEFICIARIES (GST NON-EXEMPT)**

GST non-exempt portion subject to estate tax at each beneficiary's death. Otherwise, assets may provide income and/or principal to beneficiaries.

#### **LIFETIME TRUSTS FOR BENEFICIARIES (GST EXEMPT)**

GST exempt portion not subject to estate tax at each beneficiary's death. Assets may provide income and/or principal to beneficiaries.