

Types of Trust Chart

The following chart is only a partial list of all the types of trusts available. There are a host of other “so-called” trusts with expensive names and fancy lables but when reduced to their basic objectives; fit into one of the categories listed below. In either event; every entity below requires the highest degree of fiduciary responsibility over not only the conservation of the assets but the distribution of assets, income, interest, dividends, etc. Taxes need to be paid, investments must be wisely considered, and books still have to be kept. Please consider the best person, individual or corporate, for the task set before them. Select the most competent, not necessarily the first born to fill those shoes.

Type / Name(s) of Trust:	Brief description of what it does:
1041	A contractual business entity cast in the form of a trust. Used “in conjunction with” or “in place of” sole proprietorships, corporations, partnerships, joint ventures, etc.
2503(c)	Protects minor children while still qualifying for maximum gift tax benefits.
\$5000 or 5%	Allows a beneficiary to demand a non-accumative distribution of \$5000 or 5% of the trust assets each year in addition to any others rights to income, interst, dividens, etc.
Alimony	Utilized to pay alimony to your ex-spouse insuring that the ex-spouse pays all income taxes that arise from the trust; not the creator of the trust.
Asset Protection (APT)	Usually a forgein trust created to protect assets. Also see 1041.
Charitable Lead Annuity	This is a charitable lead trust where the payment is based on an annuity.
Charitable Lead (CLT)	You give \$\$\$ or property to the trust, the charity(ies)receive annunity payments, and your designated beneficiary(ies) get all the principal when the trust ends.
Charitable Lead Unitrust	This is a charitable lead trust where the payment is based on a unitrust payment.
Charitable Q-TIP	A trust for the spouse’s benefit which upon their death is paid to a charity.
Charitable Remainder Annuity (CRAT)	A charitable remainder trust that makes payments to you based on annunity payments (a fixed percentage of the initial value of the funding assets).

Charitable Remainder (CRT)	This trust is funded with unencumbered but highly appreciated assets such as real estate, stocks, etc. The trustee sells the assets devoid of capital gains taxes. You & your spouse receive annual income and upon death of the principal(s); the charity receives the remainder of the principal, if any exists. Meanwhile, you get the charitable tax contribution based on the present value of the chatiy's future interest.
Charitable Remainder Unitrust (CRUT)	This is a charitable remainder trust that makes payments to you based on a fixed percentage of the assets (usually easily valued) owned by the trust each year.
Children's	Sometimes called a Minor's Trust ...is for children, grandchildren, or other minors is designed to qualify for the \$10,000 annual exclusion.
Christofoni	This provision is usually coupled with a Crummey trust to allow the same annual exclusions be afforded even to a grantors' grandchildren.
Complex	Is allowed to accumulate income and not distribute it annually. See Simple.
Credit Shelter (CST)	This trust is more commonly referred to as the "A" trust; Bypass Trust; Unified Credit Trust, etc. is used to double thew lifetime exclusion for married couples.
Crummey	This trust contains unique provisions that allow you to make completed gifts for your children that qualify for the annual exclusion amount that can be taken or refused.
Foreign Situs	A trust formed in a foreign county for legal or tax benefits.
Generation Skipping Transfer (GST)	Used to transfer the \$1 million GST tax exemption to the grantor's grandchildren. It minimized the impact of extremely costly generation skipping tax transfers.
Grandchildren's	Grandparents establish this trust to provide for the education of their grandchildren.
Grantor Retained Annuity (GRAT)	A gift made now, for which the grantor keeps receiving the income each year based on annuity payments, for any number of years the grantor desires.
Grantor Retained Interest (GRIT)	In this arrangement, the grantor retains an interest (e.g., the right to all income) for a specified period of time. The principal is then given to the beneficiaries.
Grantor Retained Unitrust (GRUT)	For a gift made now, the grantor keeps getting annual income based on the fair market value of the property, for a specified period of time.
Irrevocable Life Insurance (ILIT)	This trust is used to keep large insurance policy proceeds out of your estate. It also protects valuable insurance proceeds from creditors.
Inter Vivos (Living)	This is the stock, standard, "A", "A-B", or "A-B-C" family trust setup.
Inter Vivos Credit Shelter	Allows you to use pension or IRA assets to fund a credit shelter trust to utilize your unified credit amount.

Inter Vivos Q-TIP	Permits you to fund a Q-TIP (marital) trust with pensions or IRAs.
Irrevocable	A trust that cannot be altered, ammended, or changed by the creator.
Massachusetts Realty	A real estate holding trust unique to the State of Massachusetts.
Medicaid Avoidance	Keeps your, or your special child's, assets safe from nursing home/Medicaid claims.
Multiple Children's	Sets up separate trust for each child. Keeps their assets safe from creditors.
Personal Residence (PRT)	Used to remove your primary/vacation home from your estate at a reduced tax rate.
Pooled Income	You can contribute property and in exchange participate in the investment pool managed by the charity for the term of the trust.
Pot	This is a single trust set up for all your children beneficiaries to be distributed based on the need of each child.
Qualified Domestic (Q-DOT)	Obtains maximum gift or estate tax savings by qualifying a gift or bequest to your spouse who is not a US citizen.
Qualified Personal Residence (QPRT)	A trust used to remove the value of your primary/vacation home from your estate at a discounted gift tax rate.
Qualified Subchapter S (QSST)	A special trust utilized to hold "S" corporation stock without jeo[ardizing "S" corporation tax benefits.
Qualified Terminal Interst Property (Q-TIP)	Commonly referred to as the "C" trust; it has many uses (e.g., excesses above the first to die grantor's lifetime exeption is placed inside it for federal tax deferment).
Rabbi	This trust is used to provide a degree of asset protection for compensation benefits.
Revocable	Just the opposite of an irrevocable trust.
Right of Election	Allows a spouse the least amount of assets allowed by law with the most control over where those assets will be distributed upon death.
Special Needs	Gives protection to the assets and provides for a child/beneficiary with special needs.
Spendthrift	A simple provision that prohibits assets from a beneficiary's creditors.
Sprinkling	Used with flexibility for the trustee to distribute income and assets to beneficiaries.
Unitrust	A type of grantor retained or charitable remainder trust.
Voting	Provides control of stock in closely held or family businesses to assure management and operations as you determine best.
Zero Inclusion	A trust for grandchildren which are planned for for GST exemption.