

① D $\xrightarrow{1mil}$ ⊕

- inc $\frac{1}{2}$ to A for D's life
- inc $\frac{1}{2}$ to B for D's life
- rem $\frac{1}{2}$ to M (G.KID) • ESTATE
- rem $\frac{1}{2}$ to N (G.KID) • ESTATE

• Tee is bank.

• Tee has power to pay all inc to B for 1st 10yrs. if tee for... with D's consent.

• N has rt to withdraw \$0k from corpus.

D + B buy RE as TRU ^{\$00k} D \$00k B \$00k (PART RECORD INC)

D dies B ACKE WORTH \$50k D's part → Art in will
corpus worth 2mil → M + N

When D establishes the ⊕, it is irrevocable, and he has made a GIFT of the entire ⊕ value - 1 million bucks.

Since he is single he cannot elect to do a split gift w his wife. D has not retained enough power to make the gift incomplete. So he will owe some GAT - amount depends on how many gifts he has made, how much UTC he has etc. However, even in an irrevocable ⊕, if you

~~It is possible that part or all of the ⊕ will also go into the estate (with a credit calculation for the GAT already paid) This will happen if D has~~

can change who the beneficiaries are, then it is an incomplete G. D has not retained any express power to do this, but an argument can be made that b/c the Tee has to get D's consent to shift the income payments to B that D really does have some power to change here.

This power would affect the income interests, and so if it is enough, the gift may be incomplete for them. It does not affect the corpus: so the remainders are probably complete. Of course there is a counter argument to this: that the Tee^s and D are bound by fiduciary duty and ascertainable standards (although, happiness is not an ascertainable standard.) Setting up a fiduciary duty with standards can retain power for D but make the gift complete.

But overall, ^{supporting} ~~the~~ my earlier estimation, I believe that D has ~~not~~ not retained enough power over the corpus to make that portion incomplete, ~~but~~ and has enough power and a lack of standards controlling Tee to make the income portion incomplete until the Tee power expires in 2006.

The GIFT of the remainders is also subject to some monkeying around - by one of the beneficiaries - I believe that this is enough of power to make this incomplete also - until the power lapses 10 days later.

and D should get annual exclusions for the when income gifts are complete
So COMPLETE G of REMDERS on Dec 12 1996
COMPLETE G of income interest on Dec 2 2006
Go to tables to figure out values.

Taxable Termination
GST tax will happen for the ~~Direct skip transfer~~ ~~to Direct skip people~~ (M+N) when D dies, bc at that point their future interests will vest and so 200 million bucks of corpus is ~~to~~ susceptible for GST - which will be calculated at various

~~was~~ max ETAA rates + the inclusion ratio.
Now if D hasn't given anything else to GST people,
3 he has a 1 million exemption which he can use.
The Tee will have to pay for the GST here 2603a)
Because the Tov is dead.

The ① may also go into DS Estate b/c of
the ~~7~~ semi paras he retained - 2036 a) 2) docs in
Gov's who retain it to designate who enjoys property
or income: it covers situations when the Gov has
to decide to other people. One again this will
come down to an argument over the Tee's powers and
how much D was involved in the it to ness to the
income. And once again ascertainable status might
make it OK - the standards here aren't too bad - but
happiness will not float - since 2036 is construed
3 very broadly ~~that~~ I think that it will include
this portion of the ① in the estate - D will
get a credit for the GSTA already paid in a
calculation.

~~to~~
3 When Nancy does not exercise her power to
take the 50k, she is making a gift. She will
get an am. excl. if she hasn't already used it. And
since she probably hasn't made any other gifts, her
UTC will swallow it up for the other 40k. But,
even better 2514 will exempt her if she is releasing
5k or 5% of her interest in corpus. 50k is 5%
of a million which is what her ^{aggregate} interest ^{is when given} ~~is when given~~.

never it is to take 50k out of the whole corpus - so 25% e) suggests we measure against this. —
••• no gift for N.

•
When D dies, A + B's present interests are no more and the corpus goes to their kids. ~~Not~~ No Gift from A + B, GST to T-ee: payable out of D's Est.

•
When D + B buy B-acre they are doing it as ^{equal} TIC, so ~~no gift on either part. And when D dies his share goes to A and it is worth 450k b/c he put in 3/5 of the purchase price. So this 450k goes into his estate.~~ They each have a $\frac{1}{2}$ share in the property - bc they don't pay the same amount, D is making a gift to B of the difference in price - 50k GIFT.

3
When he dies, his $\frac{1}{2}$ undivided interest goes into his estate - it is value at FMV on date of death, which may be less than $\frac{1}{2}$ of 750k, bc not two main people want to buy undivided interests in R.E. A gets a stepped up Basis to whatever that figure is.

2
And the GST that D pays on the 50k gift to B when they bought property goes in his E - 2035 - bc it's within 3 yrs of death.