

SPECIAL POWER OF APPOINTMENT TRUSTS

Husband



Husband Gifts up to \$11.58 unified credit to Trust fbo Wife & Descendants

Irrevocable Trust fbo Husband

Trustee: Husband *

Beneficiaries: Husband (initially) receives income and principal distributions based on HMS** and he has 5&5 power***

Power of Appointment:

- Lifetime POA – held by independent 3rd party (CPA, Attorney, Financial Advisor) during the lifetime of Husband and Wife
- Testamentary POA – none

At Husband's death:

- If POA not exercised and Wife is living, the trust principal is held in pot trust fbo descendants
- If POA not exercised and Wife is not living, the trust principal passes to children &/or descendants

Irrevocable Trust fbo Wife & Descendants

Trustee: Wife *

Beneficiaries: Wife and Descendants (initially) receive income and principal distributions are based on HEMS **

Power of Appointment:

- Lifetime POA – held by independent 3rd party (CPA, Attorney, Financial Advisor) during the lifetime of Husband and Wife
- Testamentary POA – held by Wife

At Wife's death:

- If POA not exercised and Husband is living, the trust principal is held in pot trust fbo descendants
- If POA not exercised and Husband is not living, the trust principal passes to children &/or descendants

Wife



Wife Gifts up to \$11.58 unified credit to Trust fbo Husband

* Preferably have an independent trustee to avoid reciprocal trust doctrine

** Health, education (if applicable), maintenance or support

*** Power to withdraw up to greater of \$5,000 or 5% of trust principal annually (the 5&5 power is also added to avoid reciprocal trust doctrine)