

South Dakota Dynasty Trust



If you are looking to preserve family wealth and leave a lasting legacy, along with minimizing taxes, you may want to consider a South Dakota Dynasty Trust.

- A Dynasty Trust is an irrevocable trust that is designed to last for many years or even for generations and can last as long as you want it to last.
- Typically, a grantor will transfer assets to the trust utilizing his or her estate, gift and/or generation-skipping transfer (GST) tax exemptions. If designed properly, income and appreciation on the assets in the trust can be removed from estate and gift taxation.
- In South Dakota, trusts can have unlimited duration (no “Rule Against Perpetuities”).
- Because the assets in the Dynasty Trust escape taxation in the beneficiaries’ estates, the trust has tremendous growth opportunity.
- In addition, it is possible to leverage the GST exemption. For example, the grantor has \$1 million of remaining GST exemption and uses that to fund the trust. The trustee then purchases a \$10 million paid up life insurance policy on the grantor. The grantor was able to use \$1 million of GST exemption to remove \$10 million from the transfer tax system.
- The same result may occur if the grantor gifts assets that will likely appreciate significantly over time.
- Another important advantage of a Dynasty Trust is that you can protect your beneficiaries future inheritances.



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