

IRREVOCABLE LIVING TRUST

Irrevocable Trust Agreement — Estate-Tax Planning

This Irrevocable Trust Agreement is made and effective as of (the "Effective Date"), by [GRANTOR NAME], residing at [GRANTOR S ADDRESS] (the "Grantor"), as Grantor, and [SUCCESSOR TRUSTEE], residing at [FIRST SUCCESSOR TRUSTEE ADDRESS], as Trustee.

1. Trust Name, Property, and Purpose

This Trust shall be known as the [TRUST NAME]. The Grantor hereby irrevocably transfers to the Trustee the property described in Schedule A, to be held, managed, and distributed as set forth below.

Initial Trust Property (Schedule A summary):

[TRUST PROPERTY]

The Grantor has the following children: .

Primary Purpose. The primary purpose of this Trust is to remove the Trust Property from the Grantor's taxable estate for federal and (where applicable) state estate-tax purposes, consistent with IRC §§2036–2038.

2. Irrevocability

IRREVOCABLE. This Trust is **IRREVOCABLE** in all respects. The Grantor expressly, knowingly, and voluntarily relinquishes and disclaims, and represents that the Grantor has no right or power — whether alone, in conjunction with any other person, or acting in any fiduciary or non-fiduciary capacity — to: (i) alter, amend, revoke, or terminate this Trust or any provision hereof; (ii) change, add, or remove any beneficiary; (iii) withdraw, reacquire, or receive any portion of the Trust Property or its income except as expressly provided herein; (iv) use or enjoy any Trust Property except as expressly provided herein; or (v) designate who shall possess or enjoy the Trust Property or its income. This relinquishment is final, complete, and absolute.

3. Grantor's Retained Rights

The Grantor retains **no** right, title, interest, or power in or over the Trust Property, whether as to income or principal, and whether directly, indirectly, or in any fiduciary capacity. The Grantor shall not serve as Trustee. The Grantor shall have no power that would cause the Trust Property to be included in the Grantor's gross estate under IRC §§2036 (retained life estate or control), 2037 (reversionary interest), 2038 (power to alter/amend/revoke/terminate), 2041 (general power of appointment), or 2042 (incidents of ownership of life insurance).

4. Grantor Trust Status for Income Tax

Non-Grantor Trust. This Trust is intended to be a separate taxpayer for federal income-tax purposes. The Trustee shall apply for an EIN on Form SS-4 and shall file Form 1041 annually. The Grantor retains no powers described in IRC §§673–677 that would cause grantor-trust treatment. Undistributed income shall be taxed at compressed trust rates.

5. Trustee

Initial Trustee. [SUCCESSOR TRUSTEE] shall serve as initial Trustee. The Grantor **shall not** serve as Trustee.

Successor Trustee. [SUCCESSOR TRUSTEE] of [FIRST SUCCESSOR TRUSTEE ADDRESS] shall serve upon the initial Trustee's resignation, death, incapacity, or removal.

No Bond. No bond required. **Compensation.** Reasonable compensation based on time expended.

6. Beneficiaries and Distributions

During the term of this Trust, the Trustee shall hold, manage, and distribute the Trust Property for the benefit of the beneficiaries identified below, subject to the following:

| Beneficiary | Relationship | Share | --- --- --- | [BENEFICIARY 1] | [BENEFICIARY 1 RELATIONSHIP TO GRANTOR] | 100% |
|-------------|--------------|-------|-------------|-----------------|--|------|
| | | | | | | |

(a) HEMS Standard. Except as otherwise expressly provided, distributions of income and principal shall be made in the Trustee's discretion for the beneficiary's **health, education, maintenance, and support** (the "HEMS" standard under IRC §2041(b)(1)(A) and Treas. Reg. §20.2041-1(c)(2)). This ascertainable standard prevents any beneficiary-trustee from holding a general power of appointment.

(b) No Beneficiary as Sole Trustee with Unlimited Discretion. No beneficiary shall serve as the sole Trustee with power to make discretionary distributions to himself or herself except pursuant to the HEMS standard.

(c) Predeceasing Beneficiary. A predeceased beneficiary's share passes per stirpes to that beneficiary's descendants.

(d) Sub-Trusts for Young Beneficiaries. Any share for a beneficiary under age 25 shall be held in sub-trust under a HEMS standard until that age.

11. Trust Protector

(a) Appointment. **** is hereby appointed as the initial Trust Protector. The Trust Protector may resign by written notice and may appoint a successor. If no Trust Protector is serving and no successor has been

designated, the adult qualified beneficiaries may, by majority vote, appoint a successor who is not a beneficiary, the Grantor, or a person related or subordinate to the Grantor within the meaning of IRC §672(c).

(b) Powers (Fiduciary). The Trust Protector, acting in a fiduciary capacity, may by written instrument: (i) remove any Trustee and appoint a successor who is not the Grantor or related/subordinate to the Grantor; (ii) modify administrative (not dispositive) provisions to conform to tax/trust law changes, change situs or governing law, or preserve tax treatment; (iii) add or remove charitable beneficiaries (not individual beneficiaries); (iv) grant or eliminate a testamentary limited power of appointment to any beneficiary (not a general power); (v) terminate the Trust if continued administration is not economically feasible or consistent with Trust purposes.

(c) Limitations. The Trust Protector shall not: (i) exercise any power in favor of the Trust Protector personally (unless also a beneficiary, in which case limited by HEMS), the Trust Protector's creditors, estate, or estate creditors; (ii) reinstate any power of the Grantor expressly disclaimed; or (iii) take any action inconsistent with the Trust's status as irrevocable for estate-tax purposes.

(d) Liability. The Trust Protector shall be liable only for acts or omissions constituting bad faith or willful misconduct, and shall be indemnified from Trust Property against all other claims.

12. Trustee Powers

The Trustee shall have all powers conferred by applicable law, including: prudent-investor investment; sale, exchange, lease, mortgage and pledge; voting of securities; settlement of claims; engagement of professionals; loans to beneficiaries on commercially reasonable terms; execution of deeds and contracts; real-property management; allocation between income and principal; and non-pro-rata distributions.

13. Protective Provisions

Spendthrift — Mandatory. No beneficiary may voluntarily or involuntarily assign, transfer, encumber, or anticipate any interest before actual distribution. No interest shall be subject to creditor claims (including alimony/support) or legal process, to the maximum extent permitted by law.

Rule Against Perpetuities — Savings Clause. Notwithstanding any other provision, this Trust and all interests created hereunder shall terminate no later than twenty-one (21) years after the death of the last surviving beneficiary named herein who was living at the Grantor's death, except to the extent that the governing state's law permits a longer or unlimited perpetuities period and the Trust is otherwise structured for dynasty treatment.

14. Crucial Tax Warnings

Irrevocability is Real. The Grantor acknowledges that this Trust cannot be undone. Property transferred to this Trust is no longer the Grantor's property.

Gift Tax Reporting (Form 709). Transfers to this Trust are completed gifts for federal gift-tax purposes. The Grantor shall timely file IRS Form 709 for each year in which contributions are made, and shall report all contributions (whether or not covered by the annual exclusion or lifetime exemption).

State Income Tax. The state of administration and residency of the Trustee and beneficiaries may affect state income taxation. Situs selection may permit the Trust to avoid state income tax on undistributed income.

15. State-Specific Provisions

16. Accountings

The Trustee shall provide annual accountings to the qualified beneficiaries (and any legal representative of a beneficiary under disability) consistent with Uniform Trust Code §813 or the corresponding provision of the governing state's law.

General Provisions

Governing Law. [STATE]. **Severability / Headings / Counterparts / ESIGN.** Standard.

Signatures

IN WITNESS WHEREOF, the Grantor and the Trustee have executed this Trust as of the Effective Date.

Grantor

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Trustee

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Trust Protector

PRINTED NAME

SIGNATURE

DATE

Witnesses

Witness 1

PRINTED NAME

SIGNATURE

DATE

Witness 2

PRINTED NAME

SIGNATURE

DATE

Notary Acknowledgment

State of [STATE] County of _____

On this _____ day of _____, 20, before me personally appeared [GRANTOR NAME] and the Trustee, and acknowledged execution.

Notary Public: _____ My commission expires: _____ [Notary Seal]

Schedule A — Initial Trust Property

[TRUST PROPERTY]