



# ESTATE PLANNING STRATEGIES

Alvarez & Marsal Tax is dedicated to help clients achieve their long-term estate planning goals. Our priority is to deliver highly personalized solutions that suit your unique needs.

As part of a successful global professional services firm established in 1983, our extensive team of tax professionals are located all across the U.S. to provide clients with customized and tailored solutions. Our practice is committed to the highest ethical standards, seamless execution and value delivery, while maintaining the anonymity and security you desire.

At A&M Tax, we serve as your advisor, advocate, teammate and partner.

## Estate Planning Strategies

Individuals and families should consider transferring assets to younger generations, particularly in light of an uncertain estate tax regime in the future.

Below are key issues and opportunities / considerations to keep in mind:

### KEY ISSUE

High net worth families with succession planning or general wealth transfer objectives should consider transfers of publicly or closely held business interests



### Opportunities / Considerations

#### Family Limited Partnership

- Family members contribute assets to a FLP / LLC and take back units or membership interests of the entity
- The pooled assets are invested
- Individuals may gift shares of the FLP / LLC to heirs at a discounted value due to the illiquidity of the shares
- Advanced planning ideas include selling interests / units of the FLP / LLC at a discounted value to a Delaware Dynasty Trust to shelter assets from future estate and gift tax
- Multiple classes of equity can be issued to facilitate planning objectives (ex. Estate Freeze)

#### Sale to Intentionally Defective Grantor Trust

- Grantor creates a Family Limited Partnership or other form of pooled investment vehicle (LLC)
- Grantor contributes assets to a pooled investment vehicle in return for an ownership interest in the entity
- Grantor sells at a discounted value of interest in the pooled investment vehicle
- A promissory note is established between the trust and the Grantor to provide an income stream
- Grantor pays income tax generated by the trust, which provides tax free gifts to the trust

## KEY ISSUE

Maximize the lifetime exclusion and benefit from estate tax rates.



### Opportunities / Considerations

#### Grantor Retained Annuity Trusts (GRAT)

- Appreciating assets are transferred to a GRAT for a term of years
- Grantor may or may not pay gift taxes on small portion of assets transferred to GRAT
- Grantor receives annuity stream in cash or kind for term of years
- Grantor pays income taxes on trust income and gains during trust term
- When trust term ends, remaining assets pass to in trust for heirs gifts



### How Can A&M Help?

Alvarez & Marsal's history as the preeminent advisor to tax matters gives us deep expertise and practical experience on this and many other issues not addressed in this overview. Please contact our A&M Tax team today.

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Alvarez & Marsal Tax, part of Alvarez & Marsal (A&M), a leading global professional services firm, is an independent tax group made up of experienced tax professionals dedicated to providing customized tax advice to clients and investors across a broad range of industries. Its professionals extend A&M's commitment to offering clients a choice in advisors who are free from audit-based conflicts of interest, and bring an unyielding commitment to delivering responsive client service. A&M Tax has global presence in major metropolitan markets throughout the Americas, EMEA, and APAC.

Alvarez & Marsal Tax is a founder of Taxand, the world's largest independent tax organization, which provides high quality, integrated tax advice worldwide, and represents the Global Network in the US and UK. Taxand professionals, including 770+ partners and more than 3,000+ advisors in 48 countries, grasp both the fine points of tax and the broader strategic implications, helping you mitigate risk, manage your tax burden and drive the performance of your business.

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