

Georgia Asset Protection Lawyer Offers Gift Suggestion for Your Grandchildren

By Steve Worrall, **Georgia asset protection lawyer**

As your **Atlanta GA asset protection lawyer**, I'd like to ask how your holiday shopping is going? If you are like me you are trying your best to fit that in with all of the other holiday planning and day-to-day obligations. What if I told you to skip the malls when looking for a holiday gift idea for your grandkids? What if you give them a **family limited partnership** instead?

Huh?

Let me explain...

While the estate tax lapse seems to be hogging the spotlight this year, there is also a lesser-known gap that is offering many people a **tax-free way** to pass on some of their wealth to their grandchildren.

The **generation-skipping transfer tax**, or **GST**, has also been **repealed for 2010**. This means that you can leave outright gifts to your grandchildren as long as those gifts meet certain conditions. The definition of a "gift" is fairly broad, but one way to take advantage of this is to set up a partnership and then give away units to your grandchildren. This will mean that you can put funds into a family limited partnership and transfer them tax-free but also transfer it in a way to keep the kids from getting control of the assets all at once and possibly squandering them.

The GST is different than income, estate and gift taxes. The purpose of this tax is to keep people from transferring property many generations down without paying any tax. So, the GST is imposed if the transfer avoids gift or estate tax.

So, say a man dies with a large estate and leaves his property in a trust with the income payable to his children. At his death, his trust assets go to his children. The man's estate would then owe estate tax. But when his children die, the trust property would not be taxable in their name so the family will have avoided paying for a generation of estate tax. In this instance, the GST would apply.

It is important to point out that the GST applies to anyone, not just family, so this would apply to unrelated beneficiaries as long as they were at least 37 and one-half years younger than the deceased.

There are limits to what you can exempt in generation skipping gifts and you are only allowed to use them in certain circumstances. So, it is important to talk to an experienced **Atlanta Georgia asset protection attorney** when considering this.

So, as you are pondering your holiday list you might want to consider this for your grandchildren. This will be a gift they will remember (and thank you for!) for the rest of their lives!