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DAVIS 530-231-5161
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Romney tax strategy: move money to kids

By Matthew Crider, JD | Family Wealth Protection Attorney

Whether or not Republican presidential nominee Mitt Romney ultimately wins the election, one thing is clear: he is an expert in using strategies allowed under the law to avoid paying taxes.

According to tax returns released to the public, Romney, who has five sons and 18 grandchildren, set up a family trust as the core of his estate planning strategy, according to an article in *Bloomberg News*.

Romney and his wife, Ann, have transferred assets into the family trust and invested them, amassing a substantial and diversified portfolio of stocks, bonds and alternative investments, such as hedge funds, to generate income. In 2010 alone the trust generated $7 million in long-term capital gains, about $1.5 million in ordinary dividends and more than $700,000 in U.S. government interest, according to the trust's tax return.

The trust is worth more than $100 million and is not included in the couple's personal fortune of $250 million.

It is set up so the Romneys pay taxes on the income generated inside the trust. As a result, the assets inside the trust aren't depleted by money paid to the government and have more potential to grow outside of the estate. The payments are not considered an additional wealth transfer for gift tax purposes, and because the Romneys have paid the taxes over the years, current distributions to the children aren't subject to income tax.

Such trusts are often used by people of high-net worth but aren't for everybody because they are expensive to set up, according to the article.

About Matthew Crider, J.D.

Matthew Crider formed *Crider Law PC* in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

8880 Cal Center Drive, Suite 400 | Sacramento, California 95826 | 916-229-8844 p
132 E Street | Suite 370 | Davis, CA 95616 | 530-231-5161 p
www.criderlaw.net