The Cannon Estate Planning Teleconference Series

Participant Guide

CFI
1961

GST Basics and Beyond – Not for the Faint of Heart

Cannon Financial Institute, Inc.

Presents

The 2025 Estate Planning Webinar Series

Tuesday, January 21, 2025

By:

Charles A. Redd

CHARLES A. REDD, PARTNER
STINSON LLP
7700 FORSYTH BOULEVARD
SUITE 1100
ST. LOUIS, MISSOURI 63105-1821
(314) 259-4534 - TELEPHONE
(314) 259-3952 - FACSIMILE
charles.redd@stinson.com

www.stinson.com

23DB04/0831213.0006/14314841.11DB04/0831213.0006/14314841.1

The seminar materials and the seminar presentation are intended to stimulate thought and discussion, and to provide those attending the seminar with useful ideas and guidance in the areas of estate planning and administration. The materials and the comments made by the presenter during the seminar or otherwise do not constitute and should not be treated as legal advice regarding the use of any particular estate planning or other technique, device or suggestion or any of the tax or other consequences associated with them. Although we have made every effort to ensure the accuracy of these materials and the seminar presentation, neither STINSON LLP nor the lawyer, Charles A. Redd, assumes any responsibility for any individual's reliance on the written or oral information presented in association with the seminar. Each seminar attendee should verify independently all statements made in the materials and in association with the seminar before applying them to a particular fact pattern and should determine independently the tax and other consequences of using any particular device, technique or suggestion before recommending the same to a client or implementing the same on a client's or his or her own behalf.

Charles A. Redd

Charles A. Redd is a partner in the St. Louis, Missouri, office of the law firm of Stinson LLP. Mr. Redd concentrates his practice in estate planning, estate and trust administration and estate and trust-related litigation. Prior to joining Stinson, Mr. Redd was a partner in and Vice Chairman of the Trusts & Estates Practice Group at the law firm of SNR Denton US LLP (now Dentons US LLP). Mr. Redd was also previously a partner in the law firm of Armstrong, Teasdale, Schlafly & Davis (now Armstrong Teasdale LLP) and was Chairman of that firm's Trusts & Estates Department. He was previously employed as a Trust Administrator by First Wisconsin Trust Company (now U.S. Bank, N.A.), Milwaukee, Wisconsin, and as an Assistant Counsel by Centerre Trust Company of St. Louis (now Bank of America Private Bank).

Mr. Redd has extensive experience and expertise in: (a) the drafting of wills, trust instruments, durable powers of attorney, marital agreements and other estate planning documents; (b) pre- and post-death tax planning for individuals, trusts and estates; (c) preparation and filing of estate tax returns, gift tax returns and fiduciary income tax returns; (d) representation and filing of estate tax returns, gift tax returns and fiduciary income tax returns; (e) representation of individual and corporate fiduciaries and (f) litigation in the Probate Division and other equity divisions of the Circuit Court. Mr. Redd has worked on estates and estate planning projects, some involving assets valued at over a billion dollars, and has successfully handled numerous estate tax, gift tax and generation-skipping transfer tax matters, will and trust construction cases, will contests, contests of trust agreements, alleged breach of fiduciary duty cases and other types of cases involving estates and trusts.

Mr. Redd is a member of the State Bar of Wisconsin, The Missouri Bar, the Illinois State Bar Association, The Bar Association of Metropolitan St. Louis and the Estate Planning Council of St. Louis.

Mr. Redd was Chairman of the Missouri Bar's Health Care Durable Power of Attorney Subcommittee, and he played a significant role in the drafting and enactment of the Missouri Durable Power of Attorney for Health Care Act. In 1991, Mr. Redd received The Missouri Bar President's Award. Mr. Redd was the principal draftsman of the Missouri Family Trust Company Act.

Mr. Redd is an elected member of The American Law Institute and a Fellow of The American College of Trust and Estate Counsel (Past Missouri State Chair; Past Regent; Estate and Gift Tax Committee; and Fiduciary Litigation Committee). He was an adjunct professor of law (Estate Planning) at Northwestern University School of Law for fifteen years. He serves as a member of the Advisory Committee for the Heckerling Institute on Estate Planning and is Co-Chair of the Editorial Advisory Board of, and writes a regular column in, Trusts & Estates magazine. In 2018, he was inducted into the Estate Planning Hall of Fame® by the National Association of Estate Planners and Councils and, in 2023, was named Distinguished Estate Planner of the Year by the Estate Planning Council of St. Louis. Mr. Redd is listed in the 2025 edition of The Best Lawyers in America as the St. Louis "Lawyer of the Year" in "Litigation-Trusts and Estates" and is nationally "Band 1" ranked by Chambers and Partners in their High Net Worth guide. He frequently writes and lectures nationally on topics in the trusts and estates field.

Turney P. Berry

Turney P. Berry concentrates his practice in the areas of estate planning, fiduciary matters, and charitable planning. Mr. Berry is the leader of Wyatt, Tarrant & Combs' Trusts, Estates & Personal Planning Service Team and a past member of the firm's Executive Committee. Mr. Berry is active in the American College of Trust and Estate Counsel (ACTEC), and served as President of the ACTEC Foundation, Regent of the College, State Chair for Kentucky, Chair of the Estate & Gift Committee, and Chair of the Charitable and Tax-Exempt Committee. Currently he serves as Chair of the State Laws Committee, and a member of the Long Range Planning Committee.

As a Uniform Law Commissioner, Mr. Berry currently serves as Chair of the Study Committee on Transfers to Minors Act, Vice-Chair of the Drafting Committee on Conflicts of Laws in Trusts and Estates, Member of the Electronic Estate Planning Documents Committee, Member of the Joint Editorial Board for Uniform Trust and Estate Acts, and Member of the Drafting Committee on Uniform Determination of Death Act. He has served as chair of the Uniform Fiduciary Income and Principal Act (UFIPA), chair of the Uniform Power of Appointment Act, Vice Chair of the Drafting Committee on Electronic Wills Act, Co-Chair of the Drafting Committee on Uniform Cohabitants' Economic Remedies Act, and as a member of the drafting committees for the Directed Trust Act, the Revised Fiduciary Access to Digital Assets Act, the Trust Decanting Act, the Insurable Interests in Trusts Act, the Premarital and Marital Agreements Act, the Transfer on Death Deeds Act, the Revised Disposition of Community Property Rights at Death Act, and the Uniform Probate Code Artificial Reproductive Technology provisions, and an adjunct member of the Fundraising Through Public Appeals Act.

Mr. Berry is a Fellow of the American College of Tax Counsel, a member of the American Law Institute, a member of The International Academy of Estate and Trust Law, a member of the Advisory Council of the Heckerling Institute on Estate Planning, a Member of the Advisory Board of Trusts and Estates Monthly, and a member of the Bloomberg BNA Tax Advisory Board (Estates, Gifts, and Trusts). He serves as Adjunct Professor at the University of Miami Estate Planning LLM Program (teaching Business Succession Planning), and has served as Adjunct Professor at Vanderbilt University, the University of Missouri, and the University of Louisville, and regularly speaks at the nation's leading estate planning conferences. Since 1996, Mr. Berry has served as Co-Chair of the Midwest/Midsouth Estate Planning Institute at the University of Kentucky (the longest continuously run CLE event in Kentucky).

Mr. Berry has been certified as an Accredited Estate Planner® (AEP®) by the National Association of Estate Planners & Councils and is a member of its Estate Planning Hall of Fame [Kentucky does not recognize legal specialties]. He is listed in Woodward/White's The Best Lawyers in America® and in the Kentucky Super Lawyer Magazine in the area of Trusts and Estates.

A native of Tennessee, Mr. Berry received his B.A. and B.L.S. in 1983 from the University of Memphis and his J.D. in 1986 from Vanderbilt University.

* * * * * * * * *

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. GST TAX TERMINOLOGY AND CONCEPTS 1

- A. Transferor and Transferee 1
- B. Skip Person and Non-Skip Person 1
- C. Types of Generation-Skipping Transfers 1
  - 1. *In General* 1
  - 2. *Direct Skip* 2
    - a. Taxable Amount 2
    - b. Liability for GST Tax 2
    - c. Tax Exclusive v. Tax Inclusive 2
  - 3. Taxable Termination 2
    - a. *Taxable Amount* 2
    - b. *Liability for GST Tax* 2
    - c. *Tax Inclusive* 3
  - 4. Taxable Distribution 3
    - a. *Taxable Amount* 3
    - b. *Liability for GST Tax* 3
    - c. *Tax Inclusive* 3

III. GST EXEMPTION AND EXCLUSIONS 3

- A. GST Exemption 3
- B. GST Tax Exclusion for Annual Exclusion Gifts 4
  - 1. *Generally* 4
  - 2. *Outright Gifts* 4
  - 3. *Gifts in Trust* 4
- C. GST Tax Exclusion for Education Expenses and Medical Expenses 4

IV. CALCULATION OF GST TAX 5

- A. Nature 5
- B. Calculation 5
  - 1. *Applicable Fraction* 5
  - 2. *Inclusion Ratio* 5
  - 3. *GST Tax Rate* 6
  - 4. *Applicable Rate* 6
  - 5. *Taxable Amount* 6
- C. Example Involving Direct Skip 6

V. RULES FOR ALLOCATING GST EXEMPTION 7

- A. General Rule 7
  - 1. *Time and Manner of Allocation* 7
  - 2. *Timely Allocation v. Late Allocation* 7

<u>TABLE OF CONTENTS</u>
(continued)

<u>Page</u>

a. Timely Allocation 7
b. Late Allocation 7
B. Deemed (Automatic) Allocation Rules 8
1. *Deemed Allocation to Certain Lifetime Direct Skips* 8
2. *Deemed Allocation to Certain Lifetime Transfers to GST Trusts* 8
a. Indirect Skip 8
b. GST Trust 8
3. *Deemed Allocation to Transfers at Death* 9
C. Retroactive Allocation 9
1. *Generally* 9
2. *Retroactive Allocation Made in Calendar Year in Which Non-Skip Person's Death Occurs* 10
D. Estate Tax Inclusion Period (ETIP) Rules 10
1. *General Rule* 10
2. *Exceptions* 10
a. Less Than 5% Probability of Being Included in Gross Estate 10
b. *Crummey* Exception 11
3. *Termination of ETIP* 11
4. *Effective Date of Allocation* 11
5. *Valuation* 12
a. ETIP Property Includible in Transferor's Estate 12
b. ETIP Property Not Includible in Transferor's Estate 12
E. Circumstances Justifying Relief for Late Elections 12
1. *Reasonableness and Good Faith* 12
2. *Prejudice to the Interests of the Government* 13

VI. SELECTED STRATEGIES TO AVOID OR MINIMIZE GST TAX 14

A. Division of Trusts 14
B. Simple Principles Involving Leveraging of Lifetime Gifts 14
C. Long-Term Trusts 15
D. HEET 15
E. Sale of GRAT Remainder 16
1. *Structure of the Transaction* 16
2. *Value of the Remainder* 16

DB04/0831213.0006/14314841.123DB04/0831213.0006/14314841.14DB04/0831213.0006/14314841.1

GST Basics and Beyond – Not for the Faint of Heart

By: Charles A. Redd
Stinson LLP
St. Louis, Missouri

I. INTRODUCTION

The generation-skipping transfer ("GST") tax is imposed, in addition to estate tax or gift tax, depending on the context, on transfers to an individual who is two or more generations below the transferor (*e.g.*, a grandchild or more remote descendant) and certain trusts. Prior to enactment of the GST tax, after imposition of estate tax or gift tax, an individual could pass property in trust through several generations free of any transfer tax. By approximating the transfer tax that would have been due if the trust property had been taxed at each generation level, the GST tax essentially closes the loophole.

II. GST TAX TERMINOLOGY AND CONCEPTS

A. Transferor and Transferee

Generally, the GST tax is imposed on transfers by a "transferor" to a "skip person." For transfers subject to estate tax, the "transferor," for GST tax purposes, is the decedent. For transfers subject to gift tax, the "transferor," for the GST tax purposes, is the donor.[1] The "transferee," on the other hand, is the recipient of a transfer of property by the transferor.

B. Skip Person and Non-Skip Person

Every individual or trust can be categorized as a skip person or a non-skip person. A "skip person" is (a) an individual assigned to a generation two or more generations below the transferor, or (b) a trust in which all interests are held by skip persons or a trust in which no person holds an interest and from which no distribution may be made to a non-skip person. A "non-skip person" is any individual (or trust) who is not a skip person.[2]

C. Types of Generation-Skipping Transfers

1. *In General*

There are three types of generation-skipping transfers subject to GST tax: (a) a direct skip; (b) a taxable termination; and (c) a taxable distribution. Categorizing a generation-skipping transfer is important because the type of transfer will determine the amount subject to GST tax and who is responsible for paying the GST tax.

[1] Section 2652(a) of the Internal Revenue Code of 1986, as amended ("IRC").
[2] IRC § 2613.

DB04/0831213.0006/14314841.1

2. *Direct Skip*

A "direct skip" is a transfer to a skip person that is subject to estate tax or gift tax.[3]

a. **Taxable Amount**

The taxable amount of a direct skip is the value of the property received by the transferee.[4]

b. **Liability for GST Tax**

The transferor is responsible for paying the GST tax on a direct skip (other than a direct skip from a trust). The Trustee, however, is responsible for paying the GST tax on a direct skip from a trust.[5]

c. **Tax Exclusive v. Tax Inclusive**

A direct skip (other than a direct skip from a trust) is tax exclusive. That is, the GST tax paid on such a direct skip is paid only on the transferred property and not the dollars used to pay the GST taxes. A direct skip from a trust, however, is tax inclusive; the GST tax is imposed on both the transferred property as well as the dollars used to pay the tax.

3. *Taxable Termination*

A "taxable termination" is a termination (by death, lapse of time, release of power, or otherwise) of an interest held in trust, unless: (a) immediately after the termination, a non-skip person has an interest in the trust property; or (b) at or after the termination, no distribution may be made to a skip person.[6]

a. **Taxable Amount**

The taxable amount of a taxable termination is the value of the entire trust property, less any deduction for certain expenses, indebtedness and taxes.[7]

b. **Liability for GST Tax**

The Trustee is responsible for paying the GST tax on a taxable termination.[8]

[3] IRC § 2612(c).
[4] IRC § 2623.
[5] IRC § 2603(a).
[6] IRC § 2612(a).
[7] IRC § 2622.
[8] IRC § 2603(a)(2).

c. **Tax Inclusive**

A taxable termination is tax inclusive. That is, the GST tax paid on a taxable termination is paid on the transferred property and on the money used to pay the GST taxes.

4. ***Taxable Distribution***

A "taxable distribution" is a distribution of income or principal from a trust to a skip person that is not a direct skip or a taxable termination.[9] Distributions that are qualified transfers for medical expenses or tuition expenses under Section 2503(e) of the Internal Revenue Code of 1986, as amended, ("IRC"), are not taxable transfers for GST purposes.

a. **Taxable Amount**

The taxable amount of a taxable distribution is the value of the trust property distributed to the skip person, less any deduction for certain expenses incurred by the transferee related to the determination, collection or refund of the GST tax.[10] If the Trustee pays any of the tax out of trust assets, the payment will be treated as an additional taxable distribution subject to GST tax.[11]

b. **Liability for GST Tax**

The transferee is responsible for paying the GST tax on a taxable distribution.[12]

c. **Tax Inclusive**

A taxable distribution is tax inclusive. Because the transferee is liable for the GST tax, the transferee is effectively paying the GST tax out of the distributed property.

III. GST EXEMPTION AND EXCLUSIONS

A. GST Exemption

Every individual is entitled to a GST exemption which the individual (or the individual's executor) can allocate to any generation-skipping transfer with respect to which the individual is the transferor.[13] The GST exemption amount for any calendar year is equal to the basic exclusion amount under IRC § 2010(c) for that year.[14] Accordingly, an individual's GST exemption amount never "renews" (like the gift tax annual exclusion) and doesn't increase (except to the extent adjusted for inflation along with the basic exclusion amount).

[9] IRC § 2612(b).
[10] IRC § 2621(a).
[11] IRC § 2621(b).
[12] IRC § 2603(a)(1).
[13] IRC § 2631(a).
[14] IRC § 2631(c). The GST exemption for 2025 is $13,990,000.

B. GST Tax Exclusion for Annual Exclusion Gifts

1. *Generally*

The gift tax annual exclusion under IRC § 2503(b) permits an individual to give an amount equal to the annual exclusion ($19,000 in 2025) per donee without incurring any gift tax liability if the gift is of a present interest. A "present interest" is an unrestricted right to the immediate use, possession or enjoyment of property or the income from property (such as a life estate or term certain). A direct skip that qualifies for the gift tax annual exclusion under IRC § 2503(b) is excluded from GST tax.[15] If the transfer is in trust, however, additional requirements must be met to qualify for the GST tax annual exclusion.

2. *Outright Gifts*

Annual exclusion gifts are not subject to the GST tax for transfers to grandchildren or more remote descendants if the transfer is a "direct skip."[16] Transfers directly (*i.e.*, not in trust) to grandchildren or more remote descendants always constitute "direct skips."

3. *Gifts in Trust*

IRC § 2642(c)(2) provides that, for a gift in trust to qualify for the GST tax annual exclusion: (a) the gift must meet the requirements for the gift tax annual exclusion under IRC § 2503(b); and (b) the property must vest in the beneficiary, meaning that: (a) no portion of the income or principal may be distributed to or for the benefit of any person other than the beneficiary; and (b) if the trust does not terminate before the individual dies, the value of the trust assets will be included in the beneficiary's gross estate.

Thus, in a typical *Crummey* trust, due to IRC § 2642(c)(2), the annual exclusion for GST tax purposes will not be available even though the annual exclusion for gift tax purposes under IRC § 2503(b) will be available. This occurs because most *Crummey* trusts have multiple beneficiaries and are designed so that the value of none of the assets is includible in any beneficiary's gross estate. Consequently, to avoid a future GST tax on a "taxable distribution" or "taxable termination," the settlor must ensure that sufficient GST exemption is allocated not only to gifts to the trust with respect to which skip person beneficiaries hold withdrawal rights but also gifts to the trust with respect to which non-skip person beneficiaries hold withdrawal rights.

C. GST Tax Exclusion for Education Expenses and Medical Expenses

Gifts that qualify for the exclusion for tuition or medical expenses[17] are not subject to GST tax.[18] This exclusion is especially valuable for grandparents because their payments of a grandchild's tuition and medical expenses are free of gift and GST tax, regardless of amount, and so, over time, can remove significant amounts from the grandparents' estates. In addition, the

[15] IRC § 2642.
[16] IRC § 2642(c).
[17] *See* IRC § 2503(e).
[18] IRC § 2642(c).

grandparents control the use of the gifts by making payments directly to the involved educational institution or medical provider.

Payments of tuition expenses must be made *directly* to the educational institution to qualify for the exclusion. Similarly, payments of medical expenses must be made *directly* to the medical care provider to qualify for the exclusion.[19]

IV. CALCULATION OF GST TAX

A. Nature

Like the estate tax and the gift tax, the GST tax is an excise tax on the transfer of property. The GST tax is a tax on a transferor's privilege of being able to transfer property to a skip person.

B. Calculation

GST tax liability is determined by multiplying the taxable amount by the applicable rate.[20]

GST Tax Liability = Taxable Amount x Applicable Rate

To arrive at the applicable rate, three components must first be determined: (1) the applicable fraction; (2) the inclusion ratio; and (3) the GST tax rate.

1. *Applicable Fraction*

In general, the "applicable fraction" is determined by dividing the amount of GST exemption allocated by the value of the property transferred, less the amount of any federal or state estate taxes paid from the trust property and any estate or gift tax charitable deduction allowed.[21] The applicable fraction is rounded to the nearest thousandth. The applicable fraction for a trust is determined when the trust is funded and continues for the duration of the trust. Additions to a trust, however, may change the applicable fraction.

$$\textit{Applicable Fraction} = \frac{\textit{Amount of GST Exemption Allocated}}{\textit{Value of Property Transferred – Any Federal or State Estate Taxes Paid From the Trust Property and Any Charitable Deductions Allowed}}$$

2. *Inclusion Ratio*

The "inclusion ratio" is determined by subtracting the applicable fraction (rounded to the nearest thousandth) from 1.[22] The inclusion ratio for a trust is determined when the trust is

[19] IRC § 2503(e)(2).
[20] IRC § 2602.
[21] IRC § 2642(a)(2).
[22] IRC § 2642(a)(2).

funded, and continues for the duration of the trust. Additions to a trust, however, may change the inclusion ratio.

Inclusion Ratio = 1 - Applicable Fraction

3. *GST Tax Rate*

The GST tax rate is a flat rate equal to the maximum estate tax rate in effect.[23] The GST tax rate is, thus, 40% for 2025.

GST Tax Rate = Maximum Estate Tax Rate

4. *Applicable Rate*

The "applicable rate" is determined by multiplying the GST tax rate by the inclusion ratio.[24]

Applicable Rate = GST Tax Rate x Inclusion Ratio

5. *Taxable Amount*

As discussed in part II, the "taxable amount" of a GST transfer depends on the type of transfer.

C. Example Involving Direct Skip

On February 5, 2025, T gives $16,250,000 to T's grandchild, G. T has not previously used any of T's GST exemption. T's gift is a direct skip because it's a transfer to a skip person (G) subject to gift tax. The taxable amount of a direct skip is the value of property received by the transferee, $16,250,000. T, as transferor, is responsible for paying the GST tax on the direct skip. T's GST tax liability is calculated as follows.

Applicable Fraction = $13,990,000/$16,250,000 = .80
Inclusion Ratio = 1 - .861 = .139
Applicable Rate = 40% x .139 = .0556
GST Tax = $16,250,000 x .0556 = $903,500

[23] *See* IRC § 2641(b).
[24] IRC § 2641.

V. RULES FOR ALLOCATING GST EXEMPTION

A. General Rule

Generally, every individual (or the individual's executor) can allocate the individual's GST exemption to any GST with respect to which the individual is a transferor.[25]

1. *Time and Manner of Allocation*

GST exemption can be allocated at any time from the transfer date through the date for filing the individual's estate tax return (including extensions). GST exemption can be allocated on a Federal Gift (and Generation-Skipping Transfer) Tax Return (Form 709) or on a Federal Estate (and Generation-Skipping Transfer) Tax Return (Form 706).

2. *Timely Allocation v. Late Allocation*

Whether an allocation is timely or late will determine the effective date of allocation and the amount of GST exemption allocated.

a. Timely Allocation

If the allocation is made on a timely filed return (including applicable extensions), the amount of GST exemption allocated relates back to the value of the transferred property as of the date of gift. An allocation made on a timely filed return can be modified up to the due date of the return.[26]

b. Late Allocation

If the allocation is made on a late filed return, however, the amount of GST exemption allocated is based on the value of the transferred property as of the date of allocation (the date the return was filed) unless the transferor elects the special valuation rule for such late lifetime allocations.[27] A late allocation, once made, is irrevocable.[28] Treas. Reg. § 26.2632-1(b)(2).

---

[25] IRC § 2631(a).
[26] Treas. Reg. § 26.2632-1(b)(2).
[27] Under the special valuation rule, if a transferor makes a late allocation, the transferor can, solely for purposes of determining the value of the trust assets, elect to treat the allocation as having been made on the first day of the month during which the late allocation is made (the "valuation date"). The election is not available, however, for a life insurance policy or a trust holding a life insurance policy. The transferor may make the election on Form 709 on which the allocation is made and must state that the election is being made, the applicable valuation date and the fair market value of the trust assets on the valuation date. The election is effective when it is actually filed with the IRS. Treas. Reg. § 26.2642-2(a)(2).
[28] Treas. Reg. § 26.2642-2(b)(2).

B. Deemed (Automatic) Allocation Rules

The deemed allocation rules are automatic rules that apply if an individual does not affirmatively allocate GST exemption to a transfer.

1. *Deemed Allocation to Certain Lifetime Direct Skips*

If an individual makes a direct skip during his or her lifetime, any unused portion of the individual's GST exemption is automatically allocated to the property transferred to the extent necessary to make the inclusion ratio zero (nontaxable for GST tax purposes) unless: (a) the individual elects out of this automatic allocation on a timely filed Form 709; or (b) the direct skip is to a trust with one skip person-beneficiary.[29] An individual can elect out of this automatic allocation on a timely filed Form 709. Form 709 is timely filed if it is filed on or before April 15 of the year following the calendar year in which the transfer was made (including any extensions actually granted). If no such election is made by the filing due date, the automatic allocation under IRC § 2632(b) becomes irrevocable.[30]

2. *Deemed Allocation to Certain Lifetime Transfers to GST Trusts*

If an individual makes an "indirect skip" during his or her lifetime, any unused portion of the individual's GST exemption is automatically allocated to the property transferred to the extent necessary to make the inclusion ratio zero (nontaxable for GST tax purposes) unless the individual elects out of this automatic allocation on a timely filed Form 709.[31]

a. <u>Indirect Skip</u>

An "indirect skip" is a transfer of property (other than a direct skip) to a GST trust if that transfer is subject to gift tax.[32]

b. <u>GST Trust</u>

A "GST trust" is a trust that could have a generation-skipping transfer except a trust where one of the characteristics listed below is true.[33] Each of the following non-GST trusts involve situations where a non-skip person is likely to receive the trust property:

- 25% of the trust principal must be distributed to or may be withdrawn by one or more non-skip person(s): (i) before the non-skip person turns 46; (ii) on or before one or more dates specified in the trust instrument that will occur before the non-skip person turns

[29] IRC § 2632(b).
[30] Treas. Reg. § 26.2632-1(b)(1)(ii).
[31] IRC § 2632(c)(1) & (c)(5).
[32] IRC § 2632(c)(3)(A).
[33] IRC § 2632(c)(3)(B).

46; or (iii) on the occurrence of an event that may reasonably be expected to occur before the non-skip person turns 46.

- More than 25% of the trust principal must be distributed to or may be withdrawn by one or more non-skip person(s) who are living on the death of a person identified in the trust instrument who is more than 10 years older than the non-skip person.

- If one or more non-skip person(s) die on or before a date described in the two paragraphs above, more than 25% of the trust principal must be distributed to the estate(s) of such non-skip person(s) or is subject to a general power of appointment exercisable by one or more of such non-skip person(s).

- The trust or any portion thereof would be includible in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer.

- The trust is a charitable lead annuity trust, charitable remainder annuity trust or charitable remainder unitrust.

- The trust is a charitable lead unitrust required to pay principal to a non-skip person if the non-skip person is alive at the end of the charitable lead term.

For purposes of determining whether a trust is a "GST trust," the value of transferred property is considered not to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person's holding a right to withdraw an amount that does not exceed the IRC § 2503(b) annual exclusion amount ($19,000 for 2025).

3. *Deemed Allocation to Transfers at Death*

Generally, any unused portion of a deceased individual's GST exemption is automatically allocated first to direct skips at death and then to trusts with respect to which a taxable termination may occur or from which a taxable distribution may be made.[34]

C. Retroactive Allocation

1. *Generally*

A transferor may retroactively allocate his or her unused GST exemption to any previous transfer or transfers to a trust on a chronological basis if:

[34] Treas. Reg. § 26.2632-1(d)(2).

- A non-skip person has an interest or a future interest in a trust to which any transfer has been made;

- Such non-skip person is: (a) a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse; and (b) assigned to a generation below the transferor, and

- Such non-skip person predeceased the transferor.

2. ***Retroactive Allocation Made in Calendar Year in Which Non-Skip Person's Death Occurs***

If the transferor's retroactive allocation is made on a timely-filed gift tax return (if the gift occurred in the same calendar year as the non-skip person's death), then:

- The value of such transfer(s) for purposes of IRC § 2642(a) is determined as if the allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made;

- The allocation will be effective immediately before the non-skip person's death; and

- The amount of the transferor's unused GST exemption that is available for allocation is determined immediately before the non-skip person's death.

D. Estate Tax Inclusion Period (ETIP) Rules

1. ***General Rule***

The GST exemption cannot be allocated to a lifetime gift during the period (estate tax inclusion period or "ETIP") in which the gift would be included in the transferor's or transferor's spouse's gross estate (other than by reason of IRC § 2035) if the transferor died.[35]

2. ***Exceptions***

There are exceptions to this general rule:

a. **Less Than 5% Probability of Being Included in Gross Estate**

The value of transferred property is not considered as being subject to inclusion in the gross estate of the transferor or the transferor's spouse if the possibility that the property will be included is so remote as to be negligible. A possibility is so remote as to be

[35] IRC § 2642(f).

negligible if it can be ascertained by actuarial standards that there is less than a 5% probability that the property will be included in the gross estate.[36]

b. *Crummey* Exception

The value of transferred property is not considered as being subject to inclusion in the gross estate of the transferor or the transferor's spouse if the spouse possesses with respect to any transfer to the trust a right to withdraw no more than the greater of 5% or $5,000 of the trust corpus, and the withdrawal right terminates no later than 60 days after the transfer to the trust.[37]

3. Termination of ETIP

The ETIP terminates on the first to occur of the following:

- The transferor's death;
- The time at which no portion of the property is includible in the transferor's gross estate (other than by reason of IRC § 2035) or, in the case of an individual who is a transferor solely by reason of the gift-splitting election of IRC § 2513, the time at which no portion would be includible in the gross estate of the individual's spouse (other than by reason of IRC § 2035);
- The time of a GST; or
- For an ETIP arising by reason of an interest or power held by the transferor's spouse, at the first to occur of the spouse's death or the time at which no portion of the property would be includible in the spouse's gross estate (other than by reason of IRC § 2035).[38]

4. Effective Date of Allocation

An allocation of GST exemption to property subject to an ETIP that is made prior to termination of the ETIP cannot be revoked but becomes effective on the termination date of the ETIP.[39] An allocation of GST exemption on a gift tax return filed by the due date of the gift tax return (as if the ETIP termination were a taxable gift) is effective as of the ETIP termination date.[40] An allocation of GST exemption after the due date of the gift tax return is effective as of the earlier of the date the gift tax return is filed or the date of the transferor's death.

[36] Treas. Reg. § 26.2632-1(c)(2)(ii)(A).
[37] Treas. Reg. § 26.2632-1(c)(2)(ii)(B).
[38] Treas. Reg. § 26.2632-1(c)(3).
[39] Treas. Reg. § 26.2632-1(c)(1)(ii).
[40] *Id*.

DB04/0831213.0006/14314841.123DB04/0831213.0006/14314841.15DB04/0831213.0006/14314841.1

5. *Valuation*

Whether the property is includible in the transferor's gross estate will determine the value of the ETIP property and the amount of GST exemption that must be allocated.[41]

a. ETIP Property Includible in Transferor's Estate

The value of ETIP property that is includible in the transferor's estate (other than by reason of IRC § 2035) is its value for federal estate tax purposes.

b. ETIP Property Not Includible in Transferor's Estate

The value of ETIP property that is not includible in the transferor's estate is its value at the termination date of the ETIP if the allocation is timely made (or its value on the date of allocation if the allocation is late).

E. Circumstances Justifying Relief for Late Elections

On May 6, 2024, the Internal Revenue Service ("IRS") finalized proposed regulations under IRC § 2642(g) that had been issued on April 17, 2008.[42] These regulations lay out rules and standards for determining whether a transferor or a transferor's estate will be granted an extension of time within which to allocate GST exemption[43] and to make the following elections: (1) an election under IRC § 2632(b)(3) not to have the automatic allocation of GST exemption apply to a direct skip; (2) an election under IRC § 2632(c)(5)(A)(i) not to have the automatic allocation of GST exemption apply to an indirect skip or to transfers made to a particular trust; and (3) an election under IRC § 2632(c)(5)(A)(ii) to treat any trust as a GST trust for purposes of IRC § 2632(c). From and after publication of these final regulations, relief under Treas. Reg. § 301.9100 with respect to the same subjects covered by the final regulations will no longer be granted.

In the narrative preceding the actual regulatory language (the "Background"), the IRS makes clear that no single factor will be considered determinative when the IRS is deciding whether to grant requested relief. It is equally clear, however, both from the Background and from the text of the final regulations, that certain factors are of particular interest to the IRS in many circumstances. Fundamentally, the IRS will be focused on two things: (1) whether the transferor or transferor's estate has acted reasonably and in good faith; and (2) whether granting the requested relief will prejudice the interests of the government.

1. *Reasonableness and Good Faith*

Under Treas. Reg. § 26.2642(d)(2), the IRS will consider the following factors in deciding whether the transferor or transferor's estate has acted reasonably and in good faith:

[41] IRC § 2642(f)(2).
[42] Prop. Reg. Section 2642-7, REG-147775-06, 73 Fed. Reg. 20870 (April 17, 2008).
[43] *See* IRC § 2631.

- The taxpayer's intent to allocate GST exemption timely;[44]

- The existence of intervening events beyond the taxpayer's control;[45]

- The taxpayer's lack of awareness, despite the exercise of reasonable diligence, of the need to allocate GST exemption;[46]

- The taxpayer's consistency in allocating GST exemption to one or more trusts or skip persons;[47] and

- The taxpayer's reasonable reliance on the advice of a qualified tax professional.[48]

2. *Prejudice to the Interests of the Government*

Under Treas. Reg. § 26.2642(d)(3), the IRS will consider the following factors in deciding whether granting the requested relief will prejudice the interests of the government:

- The taxpayer's attempt to benefit from hindsight, *i.e.*, to obtain an unfair economic advantage;[49]

- The timing of the request for relief;[50]

- The occurrence and effect of an intervening taxable distribution or taxable termination;[51] and

- Although the expiration of any period of limitations on the assessment or collection of transfer taxes prior to the filing of a request for relief would generally not be relevant, it could be relevant if the IRS believes a gift tax return or an estate tax return reporting the value of the transferred property contains a gross valuation misstatement[52] with respect to such property.[53]

---

[44] Treas. Reg. § 26.2642(d)(2)(i).
[45] Treas. Reg. § 26.2642(d)(2)(ii).
[46] Treas. Reg. § 26.2642(d)(2)(iii).
[47] Treas. Reg. § 26.2642(d)(2)(iv).
[48] Treas. Reg. § 26.2642(d)(2)(v).
[49] "For instance, assume that a transferor funds several trusts with different property interests on the same date, and does not allocate GST exemption to any trust. Several years later, the transferor seeks relief to allocate GST exemption to the trust that enjoyed the greatest asset appreciation and thus constitutes the most effective use of the transferor's GST exemption." Treas. Reg. § 26.2642(d)(3)(i).
[50] For example, did the taxpayer delay in seeking relief in an attempt to deprive the IRS of a sufficient period of time within which to challenge the value of the transferred property or the claimed identity of the transferor? Treas. Reg. § 26.2642(d)(3)(ii).
[51] Treas. Reg. § 26.2642(d)(3)(iii).
[52] *See* IRC § 6662(h)(2)(C).
[53] Treas. Reg. § 26.2642(d)(3)(iv).

VI. SELECTED STRATEGIES TO AVOID OR MINIMIZE GST TAX

A. Division of Trusts

A single trust with an inclusion ratio of between zero and one is not as desirable for tax purposes as two separate trusts with inclusion ratios of zero and one, respectively. A single trust with an inclusion ratio of between zero and one sets up the potential for wasting GST exemption whenever a distribution from such a trust is made to a non-skip person (a circumstance in which GST exemption serves no purpose). The waste would be avoided if such a distribution were made wholly from trust property having an inclusion ratio of one. In addition, a distribution to a skip person from a single trust with an inclusion ratio of between zero and one would give rise to GST tax that would not otherwise be due if such a distribution were made wholly from trust property having an inclusion ratio of zero.

In cases in which non-skip persons and skip persons are beneficiaries, separate trusts, one with an inclusion ratio of zero and the other with an inclusion ratio of one, enables optimization of the tax benefit of the GST exemption. Establishing such separate trusts may be accomplished by means of governing instrument provisions or provisions of local law authorizing division of trusts. In either case, it's important to follow the "qualified severance" rules.[54] The trust with an inclusion ratio of zero may be used for distributions to or for skip person/beneficiaries, and the trust with an inclusion ratio of one may be used for distributions to or for non-skip person/beneficiaries.

B. Simple Principles Involving Leveraging of Lifetime Gifts

A giving program that takes advantage of the gift tax and GST tax exclusions can, over time, significantly reduce an individual's eventual total transfer tax liability. Such transfers effectively remove the value of the transferred property (and any post-transfer income from and appreciation on the transferred property) from the transferor's estate while not generating any gift tax or GST tax or using any of the transferor's GST exemption or basic exclusion amount. The exclusions for tuition expenses and medical expenses can be especially valuable since there is no limitation on the amounts that can be excluded for gift and GST tax purposes.

Additionally, the GST exemption allows an individual to transfer a significant amount of property without incurring any GST tax. A transferor's lifetime use of his or her GST exemption effectively removes any post-transfer income from and appreciation on the transferred property from the transferor's estate.

As with virtually all tax-saving motivated gifting strategies, the benefit is enhanced by: (1) making the gifts sooner rather than later; (2) using assets having low current values (whether through discounting or otherwise) and high total return potential in the hands of the transferees;

---

[54] *See* IRC § 2642(a)(3) and Treas. Reg. § 26.2642-6.

and (3) if a trust is the gift recipient, designing the trust to be a "grantor trust" for income tax purposes.[55]

C. Long-Term Trusts

A "super-charged" use of an individual's GST exemption is to fund a long-term "dynasty" trust for the benefit of members of multiple generations with property having a value equal to the individual's unused GST exemption and then to allocate GST exemption to that transfer. A dynasty trust is designed to subsist for the maximum period of time permitted under applicable law. States differ with respect to the maximum allowable period. In some states, the common law rule against perpetuities allows the trust to exist for a maximum period of time measured by lives in being at the creation of the trust plus 21 years. In other states, the rule against perpetuities has been legislatively abolished or can easily be avoided by including certain provisions in a trust instrument, and, in those states, a trust may exist for hundreds of years or even perpetually.

D. HEET

A donor can make a transfer to a trust that provides that the Trustee may distribute funds only to a qualified educational organization to cover tuition payments or to a medical services provider for medical care payments[56] (these trusts are sometimes referred to as health and education exclusion trusts ("HEET")). The distributions from such a trust to a qualified educational organization or to a medical services provider will meet the requirements of IRC § 2503(e). In order for the initial transfer from the donor to the trust to qualify as nontaxable for gift tax purposes, however, the beneficiaries must have *Crummey* withdrawal rights that qualify the transfer for the IRC § 2503(b) gift tax annual exclusion.

For GST tax purposes, if a transfer is made to a trust where skip persons, such as grandchildren, are the only beneficiaries, such transfer is a direct skip subject to immediate GST taxation. In order for the transfer to be nontaxable for GST tax purposes, the trust, as initially created, must include beneficiaries who are not skip persons. To accomplish this, a child of the donor could be a beneficiary of the trust, thereby giving a non-skip person an interest in such trust. Therefore, the transfer from the donor to the trust would not be a direct skip and would not be subject to GST tax. Upon the death of the child, however, if the only beneficiaries are skip persons, the death of the child would be considered a taxable termination subject to GST tax.

If a charity is named as a beneficiary of the trust and the charity possesses more than a nominal interest in such trust, the trust will not qualify as a skip person as the charity is assigned to the same generation level as the donor. The interest provided for the charity must be intended to truly benefit the charity to overcome the nominal interest limitation of IRC § 2652(c)(2).[57]

In addition to the above considerations, it is possible for such a trust to run afoul of the separate share rules. If a charity's interest can be separated from the non-charitable interest in the

---

[55] See IRC §§ 671-679 and Rev. Rul. 85-13, 1985-1 C.B. 184.
[56] *See* IRC § 2503(e).
[57] *See* Treas. Reg. § 26.2612-1(e)(2)(ii).

trust, the charitable and non-charitable interests are considered separate shares. The non-charitable share may be considered a skip person, thereby defeating the GST tax-exempt nature of such trust. To avoid the separate share rules, the charity must be provided an interest that cannot be separated from the non-charitable interest, such as the right to receive all the income for several years and then a certain percentage of the income in future years.

E. Sale of GRAT Remainder

Having the settlor's children sell their remainder interests in a GRAT to a GST exempt trust for the benefit of the settlor's grandchildren (and more remote descendants) may be a way to avoid the problem caused by the applicability of the ETIP rules to GRATs. The effect would be to create a generation-skipping GRAT.

1. *Structure of the Transaction*

When the GRAT is created, the remainder beneficiaries, the settlor's children, sell their remainder interests to a GST exempt trust previously created by the settlor. Then, when the GRAT terminates, the remaining trust property will be distributed to the GST exempt trust from which distributions can be made to grandchildren and more remote descendants free of transfer taxes. As a result, the benefits of the GRAT are shifted to the GST trust. The purchase price is the fair market value of the remainder interest, which may be structured to have a low value when the GRAT is created.

The GRAT instrument can provide that, at the end of the initial term, the remainder is payable to a trust for the benefit of the settlor's children, in which case the Trustee of such trust is the legal owner of the remainder interest and so can sell the remainder interest to the GST exempt trust. Alternatively, the settlor's children themselves can be the GRAT's designated remainder beneficiaries, and they can sell their respective remainder interests. The GRAT should not, however, terminate in favor of the settlor's descendants, *per stirpes*, because of the likelihood of needing the consent to the sale of minor, unborn and unknown beneficiaries.[58]

2. *Value of the Remainder*

If the remainder interest is sold at its value determined under IRC § 7520, the sale should be treated as having been made for full and adequate consideration, so there should be no gift tax consequences on the sale or GST tax consequences when the GRAT remainder is distributed to the GST trust.[59] Whether the payment of the actuarial value of the remainder interest in a trust as the purchase price for such interest constitutes adequate and full consideration has been the subject of an unfavorable line of cases beginning with *Gradow*.[60] Three Courts of Appeal,

---

[58] It's important to ensure that a spendthrift provision in the GRAT's governing instrument doesn't prohibit the transfer of the remainder interest.

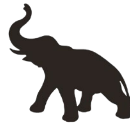
[59] For a more in-depth discussion of the transfer tax consequences of the sale, *see* Roy M. Adams, "Cutting Edge Techniques: How to Use Them Effectively," *Notre Dame Tax & Est. Plan. Inst.,* Ch. 27 (1998). *See*, *also*, David A. Handler and Steven J. Oshins, "GRAT Remainder Sale to a Dynasty Trust," *Tr. & Est.*, p. 20 (December 1999).

[60] *Gradow v. U.S.*, 897 F.2d 516 (Fed. Cir. 1990). *See*, *also*, *U.S. v. Past*, 347 F.2d 7 (9th Cir. 1965); *Parker v. U.S.*, 894 F. Supp. 445 (N.D. Ga. 1995); and *Pittman v. U.S.*, 878 F. Supp. 833 (E.D.N.C. 1994).

however, have subsequently held that consideration equal to the fair market value of the remainder interest is adequate for purposes of IRC § 2036.[61] More importantly, the IRS has conceded that the *Gradow* line of cases does not apply for purposes of the gift tax.[62]

[61] *See Magnin v. Comm'r*, 184 F.3d 1074 (9th Cir. 1999); *Wheeler v. U.S.*, 116 F.3d 749 (5th Cir. 1997); and *D'Ambrosio v. Comm'r*, 101 F.3d 309 (3d Cir. 1996).

[62] *Wheeler v. U.S.*, 116 F.3d at 755 ("[b]oth parties [*i.e.*, the government and the taxpayer] agree that, for the purposes of the gift tax (IRC § 2512), consideration equal to the actuarial value of the remainder interest constitutes adequate consideration").



CANNON

FINANCIAL INSTITUTE

Certificate of Attendance

____

(Participant Name)

Has successfully completed the Cannon Financial Institute, Inc. course:

GST Basics and Beyond – Not for the Faint of Heart

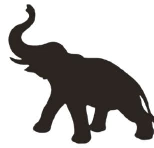
January 21, 2025

Laurie Sebestyen
Professional Education Coordinator

- **Certified Public Accountant** — **1.5 credit hours**
  In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.
  Instructional delivery method: Group-Internet-Based
  NASBA #103655; Field of Study-Tax
  Knowledge Level-Intermediate
- **Enrolled Agent (IRS)** — **1.0 credit hour**
  Cannon is designated as a qualified education sponsor by the IRS and can offer continuing education credit to Enrolled Agents. Cannon's agreement with the IRS Office of Professional Responsibility does not constitute an endorsement by the IRS as to the quality of the programs or their contribution to the professional competence of the enrolled individual.
  Course # VRUGV-T-00204-25-O
- **Certified Financial Planner (CFP™)** — **1.5 credit hours**
  Course #332334
- **Accredited Fiduciary Investment Manager (AFIM™)** — **1.5 credit hours**
- **Certified Wealth Strategists (CWS®)** — **2.0 credit hours**
- **Certified Investment Management Analyst (CIMA®)** — **1.5 credit hours**
  Course # 24CFI022
  If you hold the CIMA®, CIMC® or CPWA® certification, you may report this pre-accepted CE program online by logging into your account at https://investmentsandwealth.org/.

- **Certified Trust and Fiduciary Advisor (CTFA™)** — **2.0 credit hours**
- **Certified Retirement Plan Professional (CRPP™)** — **2.0 credit hours**
- **Certified Trust Operations Professional (CTOP™)** — **2.0 credit hours**
- **Certified Fiduciary and Investment Risk Specialist (CFIRS™)** — **2.0 credit hours**
- **Chartered Life Underwriter & Chartered Financial Consultant (**No Individual State Insurance Credit Available)** — **1.5 credit hours**
- **Fiduciary Investment Risk Management Association (FIRMA®)** — **2.0 credit hours**

Any questions regarding CE credit, please contact Laurie Sebestyen at (706) 389-7645.
Fax (706) 353-3994, Email lsebestyen@CannonFinancial.com
355 Oneta St. Building D 500, Athens, GA 30601



CANNON
FINANCIAL INSTITUTE

Certificate of Attendance

____
(Participant Name)

____
(Attorney Bar # or Social Security #)

Has successfully completed the Cannon Financial Institute, Inc. course:

GST Basics and Beyond – Not for the Faint of Heart

January 21, 2025

Laurie Sebestyen
Professional Education Coordinator

Continuing Legal Education Credits for this course are as follows:
The following states have been approved for 1.5 hours of General Credit: (Course number is indicated in parenthesis): Alabama, Arkansas (TAX101187), California, Delaware, Georgia, Idaho, Illinois, Iowa (417667), Kentucky (270690), Louisiana, Maine, Minnesota (515189), Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee (Distance Ed), Texas (174257738), Utah, Vermont, Virginia, Washington, Wisconsin, & Wyoming

These states have been approved for the following General Credit: Colorado – 2 hours, Florida - 2 hours (2407626N) including 2.0 for the following: Wills, Trusts & Estates; & Tax Law, Missouri –1.8 hours (758513), Oklahoma – 2.0 hours, West Virginia – 1.8 hours

The following states either do not require/do not accept outside CLE Credit/or do not accept teleconference calls for CLE Credit: District of Columbia, Maryland, Massachusetts, Michigan & South Dakota
The following states have special circumstances:
Alaska-Attorneys can use this certificate to submit to Alaska State Bar for 1.5 credits
Arizona-On honor system 1.5 credits
Connecticut-Attorneys can use this certificate to submit to Connecticut MCLE 1.5 credits
Hawaii- Attorneys can use this certificate for Hawaii CLE for 1.5 General credits (Reciprocity Rule)
Indiana-Site Coordinators must apply for credit as the sponsor for participants to receive credit
New Hampshire- *NHMCLE does not approve or accredit CLE activities for the NH Minimum CLE requirement. NH attendees must self-determine whether a program is eligible for credit and self-report their attendance.*
New Jersey-Attorneys can use this certificate for New Jersey CLE for 1.5 General credits (Reciprocity Rule)
New York–Attorneys may use this certificate to report their attendance as it is accredited by Approved NY Jurisdictions: AL, AR, DE, GA, KY, LA, MS, NM, NC, ND, OK. Type of credit: Areas of Professional Practice 1.5 Credits
****As required by the following State Bars, Cannon will submit the mandatory attendance rosters for the attorneys seeking CLE credits **ONLY** in the following states: Alabama, California, Delaware, Georgia, Idaho, Illinois, Kansas, Louisiana, Maine, Montana, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, and West Virginia. ****

Any questions regarding CE credit, please contact Laurie Sebestyen at (706) 353-3346.
Fax (706) 353-3994, Email lsebestyen@CannonFinancial.com
355 Oneta St. Bldg D 500, Athens, Georgia 30601

CERTIFICATE OF ATTENDANCE FOR CALIFORNIA MCLE

To be Completed by the Provider

Provider: Cannon Financial Institute (CA Provider #12179)

Subject Matter/Title: GST Basics and Beyond – Not for the Faint of Heart

Date and Time of Activity: January 21, 2025, 1:00-2:30 PM ET, 12:00-1:30 PM CT, 11:00AM-12: 30 PM MT,

10:00AM- 11:30 AM PT

Location: Teleconference

Length of Presentation: 1.5 Hours

ELIGIBLE CALIFORNIA MCLE CREDIT:

TOTAL HOURS: 1.5

Legal Ethics:

Elimination of Bias in the Legal Profession:

Competence:

To Be Completed by the Attorney after Participation in the Above-Name Activity

By signing below, I certify that I participated in the activity described above and am entitled to claim the following California MCLE credit hours:

TOTAL HOURS: ____________________

(You may not claim credit for the following sub-fields unless the provider is granting credit in these areas as listed above.)

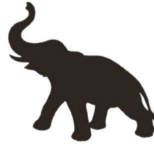
Legal Ethics:____________________

Elimination of Bias in the Legal Profession:____________________

Competence: ____________________

Attorney Signature:

REMINDERS: Keep this record of attendance for four years. In the event that you are audited by the State Bar, you may be required to submit this record of attendance. Send this to the State Bar only if you are audited. You must sign in on the Official Record of Attendance for California MCLE maintained by this provider in order for these hours to qualify for California MCLE credit.



CANNON
FINANCIAL INSTITUTE

Certificate of Attendance

____

(Participant Name)

____

(Colorado Attorney Registration #)

Has successfully completed the Cannon Financial Institute, Inc. course:

GST Basics and Beyond – Not for the Faint of Heart

(850978)

January 21, 2025

Laurie Sebestyen
Professional Education Coordinator

Continuing Legal Education Credits for this course are as follows:

Colorado – 2.0 General Credits

****As required by the State of Colorado, attorneys must submit their own credits.

Any questions regarding CE credit, please contact Laurie Sebestyen at (706) 389-7645
Email lsebestyen@CannonFinancial.com
355 Oneta St. Building D 500, Athens, Georgia 30601

Virginia MCLE Board

Certification of Attendance (Form 2)

Report attendance online at www.vsb.org. Keep this form for your records.

Name: ________________________________ **VSB ID#:** ______________________

Address: ________________________________ **Phone:** ______________________

________________________________ **Email:** ______________________

____

City **State** **Zip**

Course ID: NMM0587

Sponsor: Cannon Financial Institute

Title: GST Basics and Beyond – Not for the Faint of Heart

Type: Live

Format: Webcast

Credits:	1.50	0.00	0.00
	CLE	**(Ethics)**	**Well-being**

Credit Certification

Date completed: ________________________________ **Location:** ______________________

Do not leave blank or form will not be processed.

By my signature below I certify:

1. I attended a total of _____ (hrs/mins) of approved CLE of which (_____) (hrs/mins) were approved Ethics and _____(hrs/mins) were approved Well-being. (Claim credit for actual time in attendance. Round to the nearest half hour. E.g. 75 min=1.5 CLE hours.)
2. The sessions for which I am claiming credit had written instructional materials to cover the subject matter.
3. I participated in this program in a setting physically suitable for the course.
4. I was given the opportunity to interact with the presenter (in real time if the program was live or by some other means if the program was pre-recorded).
5. I understand I may not claim credit for any course/segment for which credit has already been claimed in the current or preceding CLE periods.
6. I understand that a materially false statement shall be subject to appropriate disciplinary action.

________________________ ________________________

Date **Signature**

MCLE requirement: Paragraph 17, Section IV, Part Six of the Rules of the Supreme Court of Virginia and MCLE Board Regulations. Completion deadline: October 31. Reporting deadline: December 15. Fees are assessed for failure to comply with MCLE deadlines.

Virginia MCLE Board | Virginia State Bar | 1111 East Main Street, Suite 700 | Richmond, VA 23219-0026
(804) 775-0577 | MCLE@vsb.org