

SPENCER LAW FIRM

*A Trusted Advisor & Expert Witness in
Sophisticated Tax and Estate Matters*



PA UTA REQUIRED NOTICES UNDER §7780.3(i)(5)

Trustees have a statutory obligation to provide notice to beneficiaries of trusts

Triggering Event	Revocable Trusts	Irrevocable Trusts
Change of Trustee	No notice	Notify current beneficiaries
New Current Beneficiary	No notice	Notify new current beneficiary
Death of Settlor before November 6, 2006	Notify current beneficiaries, executor of settlor's estate, settlor's spouse and children by November 6, 2008	Notify current beneficiaries by November 6, 2008
Death of Settlor after November 6, 2006	Notify current beneficiaries, executor of settlor's estate, settlor's spouse and children within 30 days of knowing of death	Notify current beneficiaries within 30 days of knowing of death
Incapacity of Settlor before November 6, 2006	Notify guardian by November 6, 2008	Notify current beneficiaries by November 6, 2008
Incapacity of Settlor after November 6, 2006	Notify guardian within 30 days of knowing of adjudication	Notify current beneficiaries within 30 days of knowing of adjudication
Any Beneficiary Reasonably Requests Information	No information required to be given	Provide reasonable information promptly if settlor is deceased

IMPORTANT DEFINITIONS

Beneficiary - A person that: (1) has a present or future beneficial interest in a trust, vested or contingent, or (2) in a capacity other than that of a trustee or protector, holds a power of appointment over trust property.

Current Beneficiary - A person 18 years of age or older to or for whom income or principal of a trust must be distributed currently or a person 25 years of age or older to or for whom income or principal of the trust may, in trustee's discretion, be distributed currently.

Incapacity - Only incapacity by court adjudication.

Note: This information is as of August 1, 2008. Always check for recent legislative developments.

Disclaimer: This chart does not represent legal advice. It is meant only to provide guidelines on generic situations. Trustees and beneficiaries should rely on their own advisors.



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QUICK REFERENCE GUIDE

Trust and Estate Information

TRUST AND ESTATE INCOME TAX RATES FOR YEARS BEGINNING IN 2007		
Tax bracket bottom	Tax at bottom of bracket	Rate on income exceeding bottom of bracket
\$0.00	\$0.00	15%
\$2,150.00	\$322.50	25%
\$5,000.00	\$1,035.00	28%
\$7,650.00	\$1,777.00	33%
\$10,450.00	\$2,701.00	35%

TRUST AND ESTATE INCOME TAX RATES FOR YEARS BEGINNING IN 2008		
Tax bracket bottom	Tax at bottom of bracket	Rate on income exceeding bottom of bracket
\$0.00	\$0.00	15%
\$2,200.00	\$330.00	25%
\$5,150.00	\$1,067.50	28%
\$7,850.00	\$1,823.50	33%
\$10,700.00	\$2,764.00	35%

TRUST AND ESTATE INCOME TAX EXEMPTIONS	
All estates	\$600.00
Trusts that must pay all income	\$300.00
All other trusts	\$100.00

PENNSYLVANIA INHERITANCE TAX RATES	
Spouse	0%
Parents	4.5%
Issue	4.5%
Siblings	12%
Others	15%

GENERATION SKIPPING TAX (GST)		
2007	\$2,000,000.00	45%
2008	\$2,000,000.00	45%
2009	\$3,500,000.00	45%
2010	0	0
2011	\$1,100,00.00*	55%

* plus inflation index

GST TAXABLE EVENTS	
GST tax applies to transfers made after 10/22/1986.	
Transfers made between 9/25/1985 and 10/22/1986 are deemed made on 10/23/1986.	
Trusts made irrevocable before 9/25/1985 are grand-fathered out. Only transfers to the trust after 9/25/1985 are subject to GST tax.	
Taxable distribution (tax inclusive)	
Taxable termination (tax inclusive)	
Direct skip (tax exclusive)	
Transfers exempt from gift tax are exempt for GST Tax	

QUICK REFERENCE TO IRC SECTION	
645	Combine estate and rev trust for 1041
2036	Transfer with retained rights
2055	Estate tax charitable deduction
2056	Estate tax marital deduction
2503	Gift tax exclusion
2701-2704	Special valuation rules
6161	Extension of time for paying tax
6166	4-yr deferral; 10-yr installment payments

FEDERAL ESTATE TAX EXEMPTIONS			
Year	Credit	Exemption Amount	Beginning Rate
2008	\$780,800	\$2,000,000	45%
2009	\$1,455,800	\$3,500,000	45%
2010	\$unlimited	\$unlimited	35%*
2011	\$345,800	\$1,000,000	41%

*There is no Estate Tax or GST Tax in 2010, but there is a Gift Tax. Its rate in 2010 is the top income tax rate at the time. The top rate in 2008 is 35%

GIFT TAX ANNUAL EXCLUSION	
2002 to 2005	\$11,000.00
2006 to 2008	\$12,000.00

GIFT TAX LIFETIME EXEMPTIONS	
2003 and before: Same as estate exemption amount	
2004 and after: \$1,000,000	

QUICK REFERENCE TO PEF CODE SECTION	
2101-2110	Intestacy
2201-2211	Elective share of surviving spouse
2507	Effect of marriage or divorce on will
3132(2)	Will signed by mark or by another
3132.1	Self-proved wills
3392	Insolvent estates
3541	Order of abatement
3543	Interest on distributive shares
3701-3706	Tax apportionment
5301-5321	PA UTMA
5451-5465	Health care agents
5601-5611	Powers of attorney
6201-6207	Disclaimers
6301-6306	Multiple-party accounts
7201-214	Uniform Prudent Investor Act (UPIA)
8101-8191	The Uniform Principal and Income Act (UPAIA)
7701-7799	Uniform Trust Act (UTA)
7785	Permitted notice for 5 year statute of limitation on actions against trustee