

# DELAWARE TRUSTS

If you have sophisticated estate planning and wealth transfer needs, establishing an irrevocable trust in Delaware can help you employ several strategic advantages that may not be available in other states. We will work with you to understand your goals and priorities, and build solutions to help you meet your wealth management objectives.

## LET US HELP YOU EXPLORE DELAWARE'S UNIQUE ADVANTAGES

The State of Delaware promotes innovative trust laws and can offer attractive income tax advantages for high-net-worth families and individuals. As a result, if you establish an irrevocable trust (a trust that can only be modified or terminated by your beneficiary) in Delaware you may be able to employ several strategic advantages that may not be available in some other states:

- **Elimination or minimization of taxes on trust assets**
- **Wealth enhancement with dynasty trusts**
- **Highest level of confidentiality**
- **Asset protection, including through a “self-settled” trust**
- **Investment flexibility**

Given the many advantages to establishing a trust in this state, Northern Trust has an office in Wilmington to best serve those who want to establish a trust in Delaware – or wish to move an existing trust to Delaware – to take advantage of these strategic benefits.

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### Why Northern Trust

- **Ranked among the Top 10 Wealth Managers in America**  
*Barron's, 2015*
- **A World's Most Ethical Company**  
*Ethisphere Institute, 2016 - Third Consecutive Year*
- **Best Private Bank**  
*Financial Times Group, 2016*

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### ELIMINATION OR MINIMIZATION OF TAXES ON TRUST ASSETS

Delaware does not impose any state income tax on income accumulated in, and capital gains realized by, an irrevocable trust (provided no beneficiary lives in Delaware). Income from a trust created and administered in Delaware for non-residents might not be subject to any state income tax on such income, depending on the laws of the state where the trust beneficiaries reside. Nor does Delaware tax the trust income a trustee actually distributes to non-resident beneficiaries. In addition, Delaware does not assess any tax on the value of intangible personal property held in trust, such as public and private securities, bonds, mutual fund shares, copyrights, patents, royalties, life insurance and annuity contracts and partnership interests.

### CONFIDENTIALITY AND INVESTMENT FLEXIBILITY

For a variety of reasons, you may not want to inform the trust beneficiaries that the trust exists or the nature of their interests in it. Delaware law permits trustees to withhold information about the trust from beneficiaries for a designated period of time dictated by the trust instrument, and does not require a trustee to file trust agreements in court or register trusts with a public agency like other states.

Delaware law also allows trustees to determine an appropriate and prudent mix of investments while taking into account such factors as: the current economy, tax consequences, risks, expenses, time horizon, beneficiaries' ages, cash flow and other needs of current and future beneficiaries.

### DYNASTY AND "SELF-SETTLED" TRUSTS

Unlike many states that limit the duration of a trust, Delaware does not place time limits on properly structured dynasty (or perpetual) trusts. Assets you transfer into a dynasty trust – a type of "generation-skipping" trust – can benefit generations of your descendants without incurring gift, estate or generation-skipping transfer taxes.

Effective estate planning should include strategies for preserving and shielding your assets from creditors' claims. Delaware law allows individuals to create self-settled trusts that protect their assets – especially intangible assets – from claims of unforeseen creditors. This provides an alternative for those who do not wish to take on the expense, complexity and tax reporting and compliance obligations of an offshore trust in order to safeguard their assets.

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### Local presence in Wilmington

- 15 devoted fiduciary professionals
- Assets under custody in excess of \$23.6 billion as of September 30, 2016
- Assets under management in excess of \$13.9 billion as of September 30, 2016

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### Contact us

To discuss whether establishing a trust in Delaware is appropriate for your situation, you should consult your legal or tax advisors. We also invite you to contact us to discuss how Northern Trust can help you manage your total wealth picture. For more information, contact David Diamond at 302-428-8711 or visit [northerntrust.com](http://northerntrust.com).

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**LEGAL, INVESTMENT AND TAX NOTICE:** This information is not intended to be and should not be treated as legal advice, investment advice or tax advice. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal or tax advice from their own counsel.

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