



Relocate Your Trust to South Dakota:

Increase Your Investment Returns Overnight



Improve the investment returns of a trust simply by relocating it.

Avoid State Income Tax

Most states impose a tax on the income of trusts, ranging from 1 percent to 12 percent. But it may be possible to minimize or avoid the tax altogether. Simply moving a trust from a high-tax state to South Dakota (or one of the other six states that don't impose an income tax on trusts) may significantly improve its investment performance simply by eliminating the drag from state taxes.

Some trusts can relocate from one state to another by changing the trustee. And, with a directed trust, they can keep their trusted attorney and local independent investment advisors. They can also designate a team of family members or others to manage special assets such as a business or real estate investment.

Who Should Consider A South Dakota Trust?

A broad range of trusts can potentially benefit from relocating to South Dakota, including established trusts that make modest or no annual distributions or a trust that expects to realize substantial capital gains from the sale of highly appreciated holdings.

Move the Trust and Keep the Advisors

An important question for families and advisors considering relocating a trust to South Dakota is whether the family's existing team of trusted advisors (attorneys, accountants, investment advisors, etc.) can continue to serve. The answer is, "yes." Under the directed trust model available by working with an independent trustee, the only substantive difference is that the trust's administrative functions are performed in South Dakota.

Additional South Dakota Differences:

- Directed and Special Purpose Trusts
- Grantor's ability to limit information and notices to trust beneficiaries
- Asset protection and beneficiary-controlled spendthrift trusts

The Lesson

The identity and location of a trustee may substantially affect a trust's value for many years. Check with your advisor today to see how you could benefit from a relocation to South Dakota.



Example

Rob, a business owner in a high-tax state, is considering selling the stock of his company. If Rob owns the stock, the sale of the company would create significant capital gains subject to state income tax. However, if Rob first puts a portion of his stock into a trust that is considered a non-resident and his trust beneficiaries are not residents of that state, some or all of the gain on the sale may be sheltered from state income tax.