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# A guide to asset protection in Nevada

**N**evada is a leader in providing trust and related fiduciary services nationally. Increasingly, the state is becoming a global center for such services. To a large degree, this is attributable to its favorable trust laws, which provide valuable benefits for Nevadans and attract capital from nonresidents.

What are the benefits Nevada law offers?

**Dynasty trust.** Under the standard version of the Uniform Statutory Rule Against Perpetuities that many states adhere to, trusts generally can have a lifespan in the range of 90 years. But under Nevada's version of USRAP, one can last 365 years. The assets can grow in the trust, with future generations paying no federal estate taxes on their deaths and receiving distributions along the way as the need arises.

**Directed trust.** Many states share the traditional view that the investment and distributional functions of a trust cannot be separated. The appeal of a directed trust is that family members, or their investment advisers, can retain control of investment decisions rather than having to accept the decisions of the trustee.

**Nevada asset protection trust.** Almost every other state that has enacted asset protection trust legislation recognizes certain exceptions, typically for claims by current and former spouses and for pre-existing tort creditors. In Nevada, the asset protection trust is insulated even from these potential claimants. Once two years have passed from

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the transfer of the assets to a self-settled asset protection trust, the assets are protected from all future claims.

**Trust protectors.** When someone establishes a dynasty trust to last for genera-

tions, a trust protector is appointed. But there are questions regarding the authority of the trust protector, the duty of the trustee to obey the trust protector and the liability of the trustee for the acts of the trust protector. Wealth holders and their legal advisers want a statute that responds to these issues precisely and without doubt. So do trustees.

Nevada offers that to a degree few other states do.

**Tax-free trusts.** Nevada has no income tax and no gift or death taxes. A trust administered in Nevada by a Nevada fiduciary may not incur income taxes, even in a state with some ties to the trust — but only if the proper steps are followed. With California tax exceeding 13 percent for the wealthiest individuals, the tax savings available through the Nevada incomplete non-grantor trust can be striking.

**Decanting.** There is a benefit to being able to make changes to a dynasty trust to address changing circumstances without jeopardizing its favorable tax benefits. Nevada recently enacted changes to the law that empowers the trustee to decant. Much like wine, the trust assets are “poured” into a new trust that incorporates the desired changes.

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