

THE TENNESSEE ADVANTAGE:

Benefit from trust-friendly laws, even if you're out of state

Since 2002, Tennessee leaders have taken extraordinary measures to enable the volunteer state to become one of the leading states for trusts in the country.

Tennessee trust law has been trending toward greater flexibility, freedom, and discretion when it comes to the trustee-family relationship. Steven J. Oshins, Esq., AEP (Distinguished) of the Law Offices of Oshins & Associates, LLC in Las Vegas, Nevada recognized Tennessee in his 2016 rankings of the most favorable trust states by naming it the third most favorable in the nation (www.oshins.com/state-rankings-charts).

Tennessee's focus on becoming one of the most attractive trust states is evidenced in its enactment of the Prudent Investor Act, the Uniform Trust Code, and the Tennessee Investment Services Act, each of which works hand-in-hand to bring modern portfolio theory together with proven, efficient, and effective strategies. The state has no personal income tax or estate tax. Additionally, the Tennessee Hall tax is not imposed on non-resident beneficiaries of a Tennessee trust. These favorable tax laws create an advantageous climate for residents, retirees, and those who appoint a Tennessee trustee.

In addition to favorable tax law, state law provides trustees, such as Cumberland Trust, with tools that allow flexibility in the formerly rigid world of trust administration. As laws change over time, a trust drafted decades ago could become outdated. Tennessee law has methods for clarifying, revising, or "decanting" into a new trust. These methods allow trustees and families to work together to resolve a problem, rather than going to court, which saves time and money.

Tennessee legislation also allows trustees to operate under the Directed Trust Statute. Using a directed trust, the family retains control over who will be managing the investments of the trust assets. Generally, under this arrangement, the trustee's duties relating to investment management are removed and assigned to an investment advisor of the family's choosing. Cumberland Trust operates under the Directed Trust arrangement in order to focus entirely on providing quality trust administration to families.

Tennessee trust law also provides other benefits. For instance, trust structures can run for 360 years and protect heirs against debts and creditors. This includes but is not limited to divorce proceedings involving an heir's spouse. Further, the Tennessee Community Property Trust Act, passed in 2010, creates benefits for trusts owned by spouses, including providing equal ownership of property and the sharing of appreciation and income. It also reduces capital gains tax implications after the death of one spouse. Tennessee has also passed Multi-Participant Trust legislation that encourages the use of trust advisors and trust protectors to assist in the management of a trust. This legislation further allows a family's top advisors to take an active role in the life of the trust.

Tennessee continues to grow as a progressive and prominent trust state not only for residents but also for those who retain a Tennessee state trustee.

To learn more about Cumberland Trust's unique platform, visit cumberlandtrust.com.



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