



Why Your Family's Wealth Belongs in Nevada

By Robert LeBeau

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Nevada may be known for its gold rush history, glamorous casinos and high-stakes poker games, but high-net-worth families learn that it's no gamble to keep their money there. "Nevada is one of the most trust-friendly states. It's a terrific alternative to placing your money offshore," says Robert C. LeBeau, a senior vice president and client advisor with The Whittier Trust Company of Nevada, Inc. based in Reno.

Starting in the 1990s Nevada's leaders watched other states, such as Delaware and South Dakota, amend their laws related to trusts to attract money from high-net-worth individuals. State leaders knew that becoming trust-friendly would help grow the economy.

Taking those strategic steps has paid off. LeBeau notes that more and more of Whittier Trust's high-net-worth clients, with their interest in wealth planning—particularly in efficiently passing wealth from one generation to another—have recognized that Nevada can offer both flexibility to achieve their goals and significant tax savings. "We have clients in more than 30 states who are able to set up a Nevada trust by having Whittier Trust as a trustee," LeBeau says.

Here are three key things that establishing a Nevada-based trust can do for your family.

1. Boost Wealth

Nevada's laws support wealth maximization for future generations through beneficial tax policies, as The Silver State imposes no income tax, transfer tax or estate tax.

Nevada also allows for what is often referred to as a "dynasty trust," which provides for a term of as long as 365 years. By contrast, in neighboring California, a trust can last for less than a third of that time.

One family that works with Whittier Trust held multiple long-term trusts in an East Coast state. LeBeau says that transferring those trusts to Nevada let the family avoid state inheritance and income taxes.

2. Shield Assets

“Nevada has a host of forward-thinking laws regarding asset protection that many other states don’t have,” says LeBeau. “Those thoughtful, friendly laws make Nevada a great alternative to establishing a trust offshore in the Cayman Islands and other jurisdictions.” For example, Nevada law provides for asset-protection trusts, known as self-settled spendthrift trusts, that prevent most creditors from attaching trust assets and compelling distributions.

“We’ve had non-Nevada resident clients work with us to establish Nevada asset protection trusts to protect a substantial portion of their wealth from potential future creditors and ensure they have a safety net fund,” LeBeau says.

3. Stay Flexible

One of the most powerful advantages of Nevada’s laws is their flexibility as it applies to drafting new documents, amending existing documents and managing investments. “Circumstances can change,” says LeBeau. “In a lot of states, once a trust is in place it’s considered ‘irrevocable,’ making it hard to modify, no matter the reasons a change is warranted.”

Nevada is unique from other states, such as California, because it has statutes that provide for a “trust protector,” a role that either an individual or a trust company like Whittier Trust can fill. “A trust protector can modify an irrevocable trust agreement,” LeBeau explains. “They’ll often do this to respond to changes in law or otherwise to direct action that would be in the best interest of beneficiaries.” The provision for a trust protector is a distinct asset of doing business in Nevada.

Developing Your Family’s Assets In Nevada

Residents of any state can set up accounts in Nevada to benefit from the state’s wealth-friendly legislation. Here are just some of the options:

1. Decant a Trust

Many clients come to Whittier Trust with trusts established in other states that they want to decant to Nevada—that is, redistribute assets from a trust elsewhere to a new one in Nevada, on better terms. The Silver State boasts some of the best decanting statutes in the country.

“Nevada continues to enhance its decanting statute to allow for even greater flexibility,” says LeBeau. “A lot of states have decanting statutes, but they vary in terms of what is allowed. Nevada allows for changes that some of the other jurisdictions do not.”

For example, a married couple with adult children recently came to Whittier for help with trusts established in another state. “As we do with all of our clients, we spent time doing a deep dive to get to know the family and understand their life balance sheet, estate plan and goals,” he says. The family succeeded in decanting those trusts into new Nevada trusts with improved terms that boosted flexibility and satisfied the family’s goals.

2. Implement a Directed Trust

Other clients, often business owners or families with concentrated positions in real estate or a particular security, take advantage of Nevada’s directed trust laws. “Clients may want to be involved in investment decisions, or they may want another trusted advisor or family member who makes decisions about distributions [involved],” LeBeau says. “A directed trust allows for that flexibility. That way clients can maintain some of that control, but they’re able to employ a very favorable trust structure.”

3. Execute a Dynasty Trust

“Many clients come to us looking to build their legacy and maximize wealth for the next generation,” says LeBeau. “We often work with their CPAs, attorneys and other advisors to plan how to structure the estate plan.”

For some families, that means creating a Nevada dynasty trust funded with closely-held stock from the client’s company. “That creates the ability to pass on large amounts of wealth free of state income taxes and Federal estate taxes,” he says.

Regardless of where you live, aspects of Nevada law can benefit your high-net-worth family now and for generations to come—all without the potential complications of heading offshore.

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