

ESTATE PLANNING
Professor Johnny Rex Buckles
Fall 2024
Problem Set 7

Discuss the Generation Skipping Transfer (GST) tax implications of the following transfers.

1. In 2017, Oprah bequeaths \$8,010,000 outright to her grandson. Her son (the father of the donee) is still living at the time of Oprah's death. Oprah has no other descendants.
2. Same facts as in 1, except that Oprah bequeaths the money to her great grandson, when his father and his grandfather (Oprah's grandson and her son, respectively) are still living.
3. Same facts as in 1, except that Oprah's son is deceased at the time of the bequest.
4. Same facts as in 1, except that Oprah's son is named as the legatee, and he disclaims his interest, which passes in accordance with state law. Oprah's grandson is the sole descendant of her son.
5. Same facts as in 1, except that Oprah's bequest is to her grandson in trust. Under the terms of the trust, the grandson is the sole income beneficiary of the trust. Upon the termination of the trust, the trust principal is to be distributed to Boy Scouts of America.
6. Same facts as in 5, except that the grandson's interest is limited to a 10% unitrust interest in the trust for his life.
7. Same facts as in 5, except that (i) Oprah's son and her grandson are each entitled to receive discretionary distributions of income for their respective lives, and (ii) upon the death of the survivor of her grandson and her son, the assets of the trust shall be distributed to the issue of her grandson. Assume that Oprah's son predeceases her grandson.
8. Uncle George, who died with no issue, creates a testamentary trust for his niece (the daughter of his sister, Emma). Income is payable to the niece for life, remainder to her children, share and share alike. When the niece dies, she has two children.
9. Same facts as in 8, except that the trust is created for the benefit of the daughter of George's niece (deceased at George's death) and her children. Thus, George's great niece is the income beneficiary of the trust for her life, and on her death, the principal will be distributed to her children.