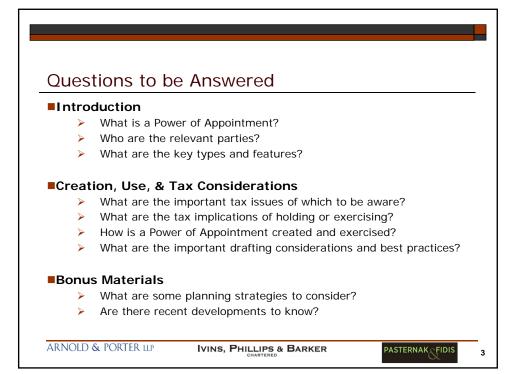
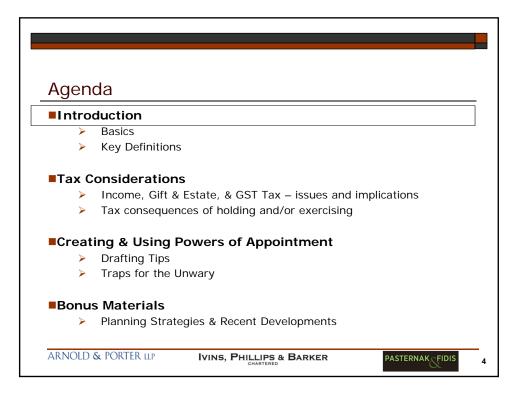
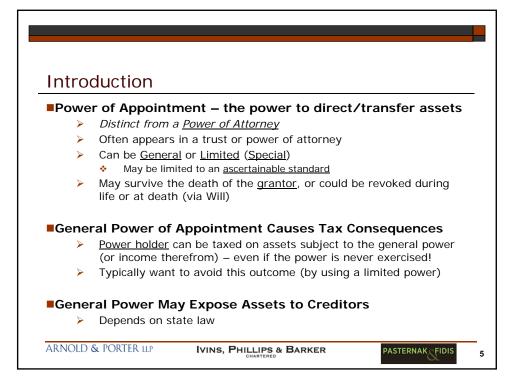


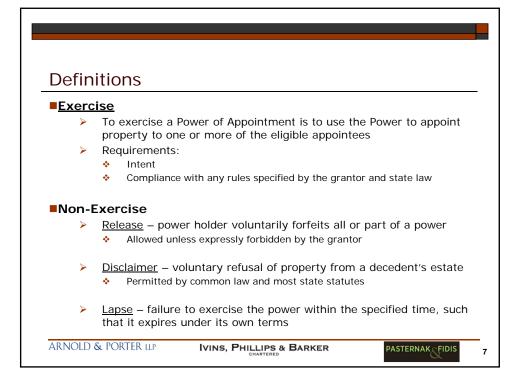
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≻	Basics
>	Key Definitions
Tax C	onsiderations
≻	Income, Gift & Estate, & GST Tax – issues and implications
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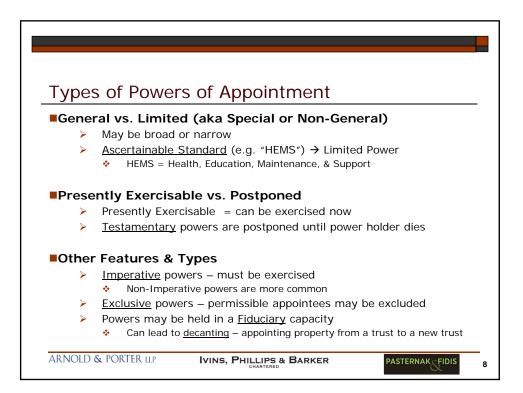


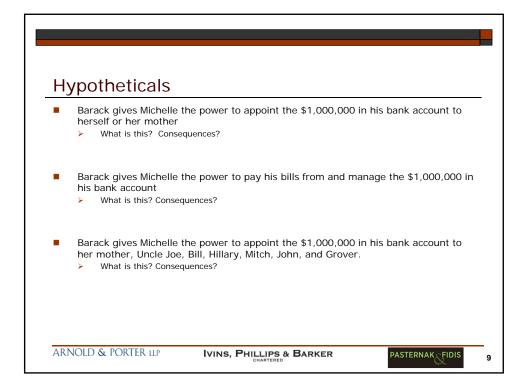




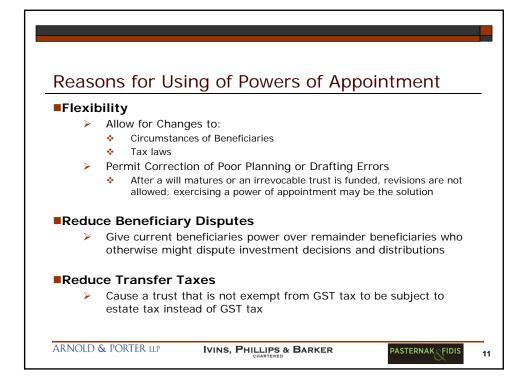
Defin	itions
■Partie	es estatution esta estatution estatution est
\triangleright	Grantor – person who grants the power of appointment
>	Power holder / Donee – person who holds the power (right) to appoint (transfer) assets
۶	<u>Permissible Appointees</u> – person(s) in whose favor a power of appointment may be exercised – <i>could be a class or individual(s)</i>
>	<u>Takers-in-Default</u> – person(s) who receive property if power is not exercised (e.g. if there is a <u>release</u> or <u>lapse</u> of a power)
■ <u>Gene</u>	ral Power – power holder may appoint assets to:
≻	(i) Himself or herself, or (ii) his or her estate, or
>	(iii) His or her creditors, or (iv) the creditors of his or her estate.
■ <u>Limit</u>	<u>ed Power of Appointment</u> – NOT a general power
>	Cannot appoint assets to self, creditors, estate, or estate's creditors
≻	Or limited by an Ascertainable Standard, or adverse party

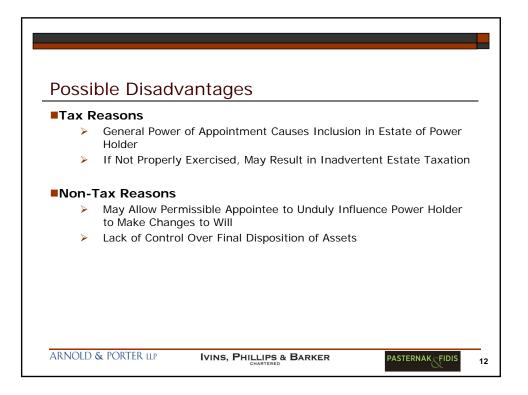




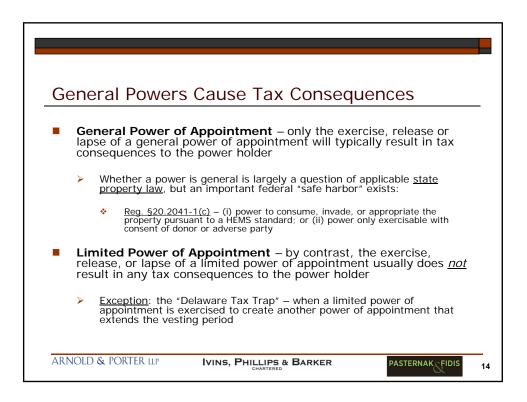


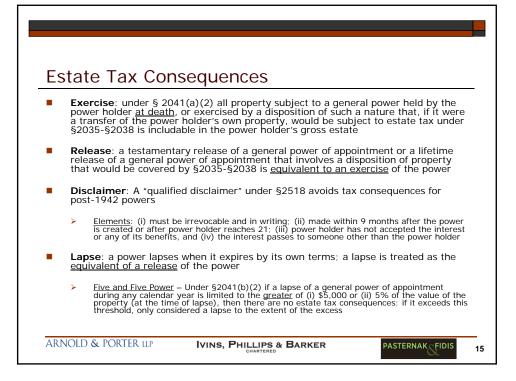
Tricl	ky Hypothetical
Mi	itt puts \$100,000,000 in a Cayman Islands trust and names his wife
AI >	 an as the income beneficiary for her life, remainder to his children. He gives Ann the power to appoint up to \$100,000 of principal each year to herself. What is this? Consequences?
A	He also gives Ann the power to appoint up to \$5,000,000 of principal each yea to herself, her mother, their children, and their grandchildren, but only for health and educational expenses. What is this? Consequences?
>	He further gives Ann the power to appoint up to \$50,000,000 of principal at her death to any descendant of his. What is this? Consequences?

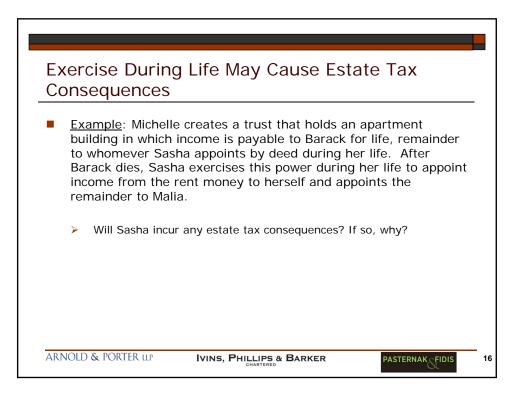


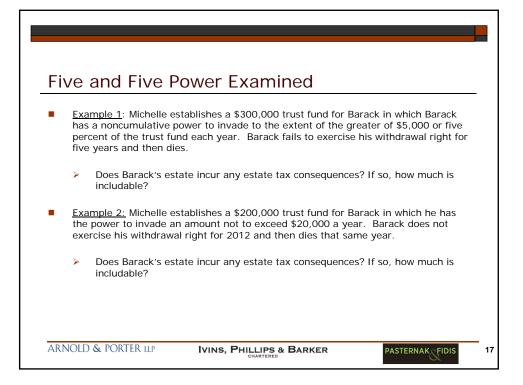


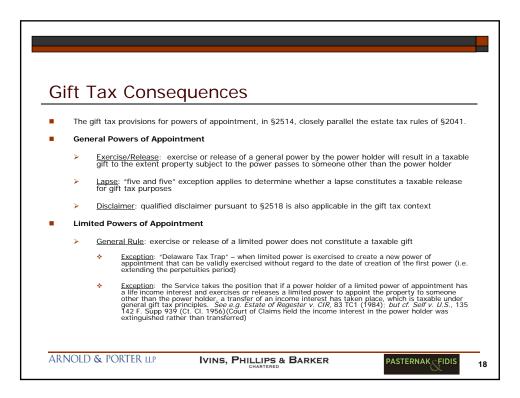


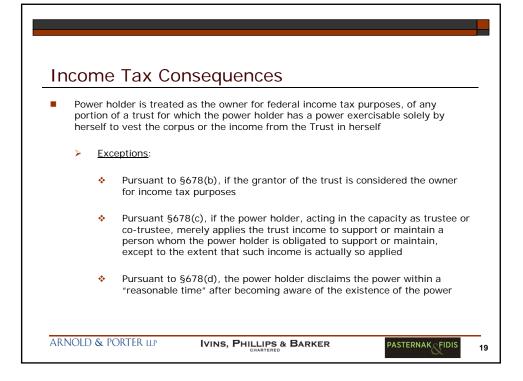




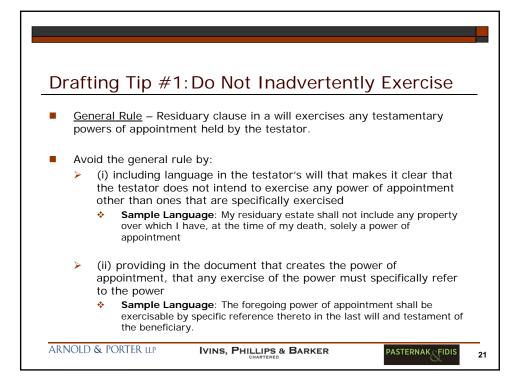


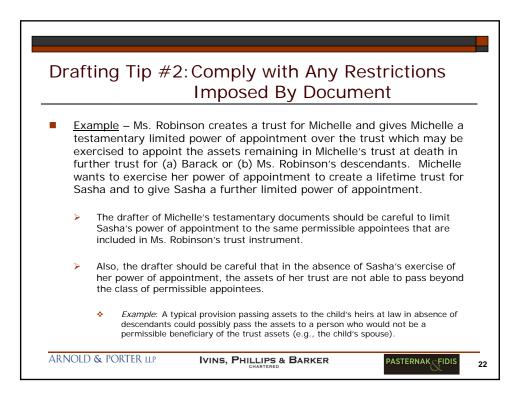


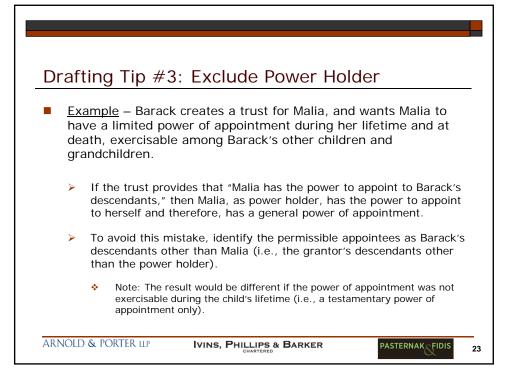


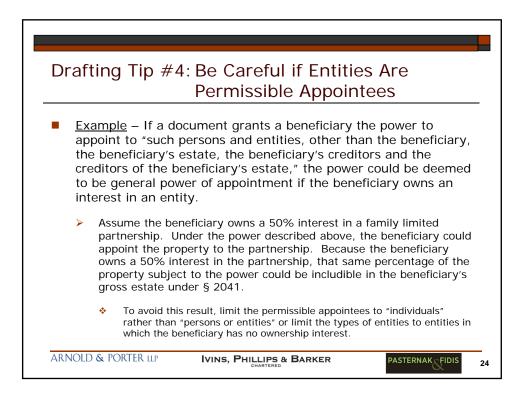


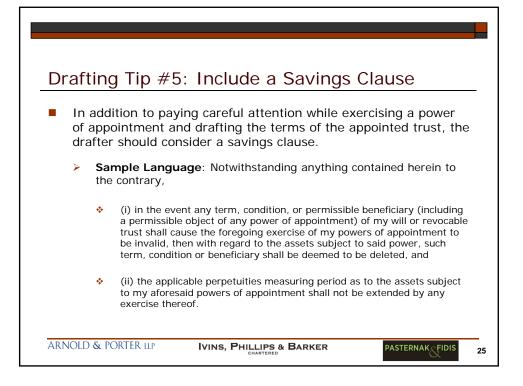
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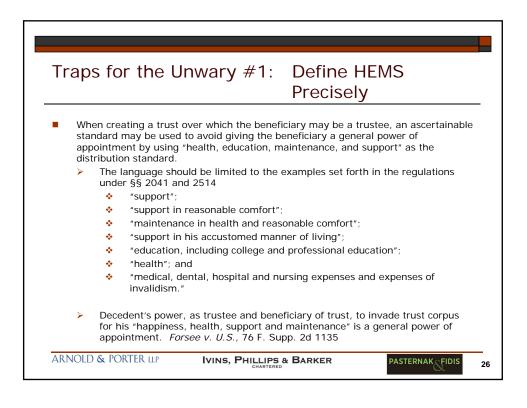


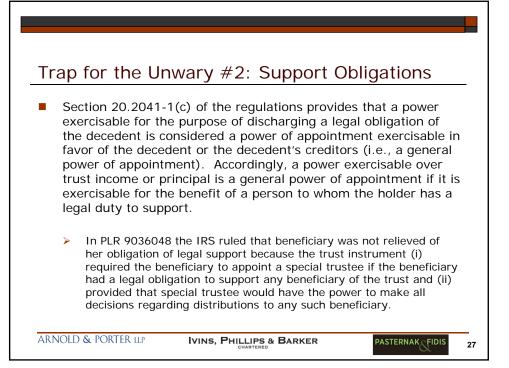


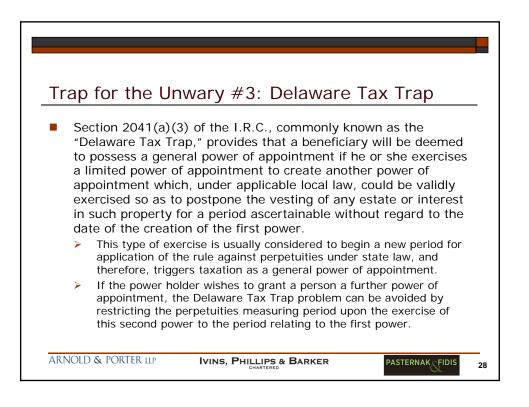




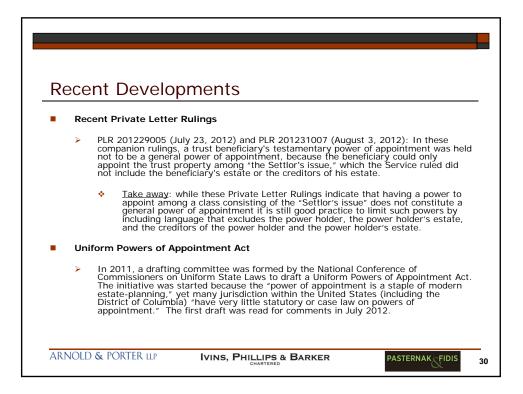


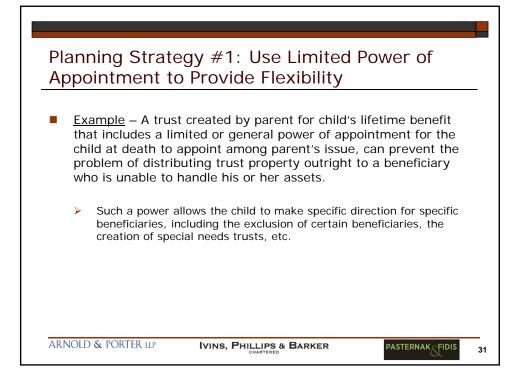


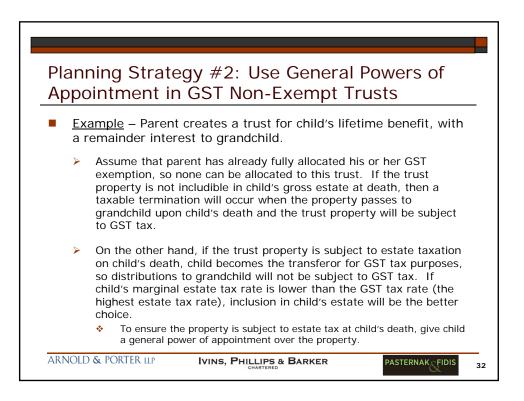


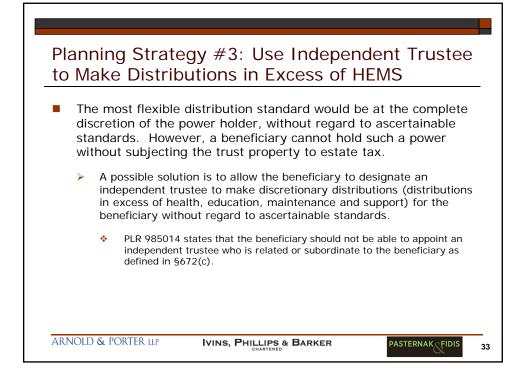


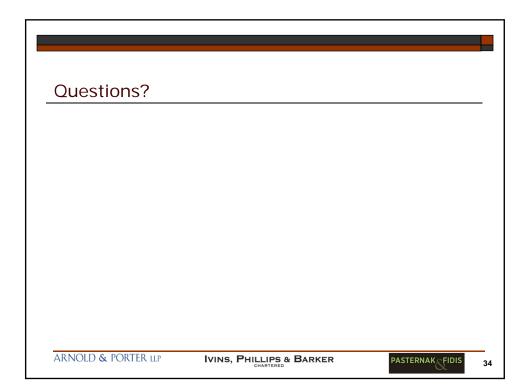


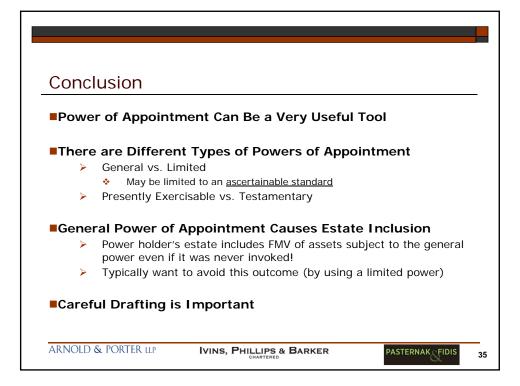












	I.R.C. § 2041 I.R.C. § 2041 I.R.C. § 2514 Treas. Reg. § 20.2041-1 Treas. Reg. § 25.2514-1 Jonathan G. Blattmachr, <i>Powers of Appointment: A Primer on</i> <i>a Most Important Tool</i> (Nov. 1, 2011) (presented at Heckerling 2012) Cline, 825-3rd T.M., <i>Powers of Appointment – Estate, Gift and</i> <i>Income Tax Considerations</i> Jesse Dukeminier, et al., <i>Wills, Trusts, and Estates</i> (8 th ed. 2009)
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