

# BRIDGEFORD<sup>®</sup>



Trust Company

...Delivering Direction and Control

# BRIDGEFORD<sup>®</sup>

Trust Company

As a fully independent trust company chartered in South Dakota, Bridgeford Trust Company provides conflict-free and innovative fiduciary services and progressive U.S. modern trust law solutions around asset protection, privacy, and tax planning to domestic and international families across the country and around the world.

Over the past 25 years, Bridgeford Trust Company evolved from one of South Dakota's first private trust companies into a public and modern trust company serving the global ultra-high net worth and family office space, leveraging over 125 years of combined legal, accounting, and trust administrative experience executed through our talented and growing staff of fiduciary professionals comprised primarily of JDs, CPAs, CFAs, and CTFAs.

Driven by the demands and unique needs of affluent families, more change has occurred in the fiduciary industry in the past 20 years than has occurred in the previous two centuries. Leveraging cutting edge, modern trust laws, Bridgeford Trust Company – with its flexible, nimble, and entrepreneurial spirit and approach – is a part of this trend globally and represents a new and emerging wealth management service paradigm built around true independence, collaboration, and world-class capabilities.

[www.bridgefordtrust.com](http://www.bridgefordtrust.com)

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# South Dakota Advantage

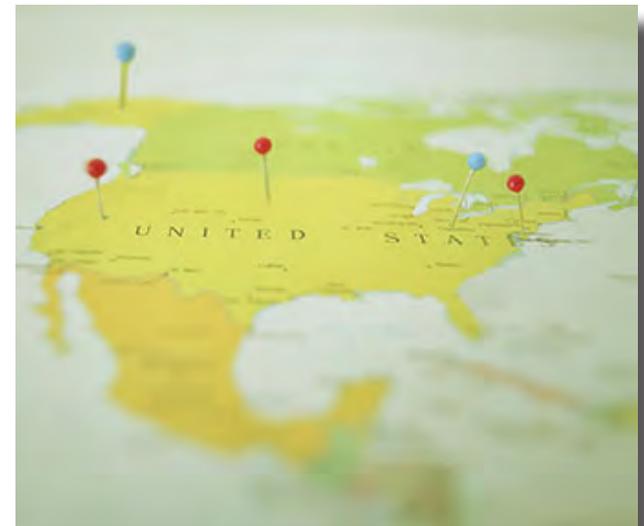
## *Delivering Direction and Control*

Because of its progressive and cutting edge trust laws, South Dakota is routinely ranked among the best trust jurisdictions in the United States by industry publications, law review articles, white papers, and surveys of leading trust and estate professionals. Through its South Dakota trust charter, ***Bridgeford delivers tremendous control and flexibility*** to settlors and beneficiaries of trusts, as well as their advisors, because of South Dakota's progressive and modern trust laws outlined in detail in the following pages.

***Factors distinguishing South Dakota as a national trust jurisdiction leader are:***

- *Directed Trusts*
- *Domestic Asset Protection Trusts*
- *Privacy Laws*
- *Trust Taxation*
- *Decanting*

South Dakota was again ranked by *Trusts & Estates Magazine* as being a top-tier U.S. trust jurisdiction. The magazine's article accentuates the vital importance of selecting the proper trust jurisdiction, stating: *"There continues to be marked differences between the laws of those jurisdictions that we consider 'the best' for trusts and those that we deem less competitive. Planning professionals who cater to UHNW clients need to understand the different trust laws and planning opportunities and how they affect those clients and their beneficiaries. This is especially true when the landscape for planning strategies for their UHNW clients is under tremendous pressure to change."* <sup>[1]</sup>



# Directed Trusts

## *Leading Trust Provisions*

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***Directed Trusts*** – only available in a handful of states across the country including South Dakota – continue to drastically change the trust world through unbundling asset management and trust administration functions, putting control back into the hands of settlors, beneficiaries, and their advisors. Through bifurcating liability, the directed trust model creates a legal framework allowing trustees and beneficiaries to work with asset managers and independent trust companies of their choosing.

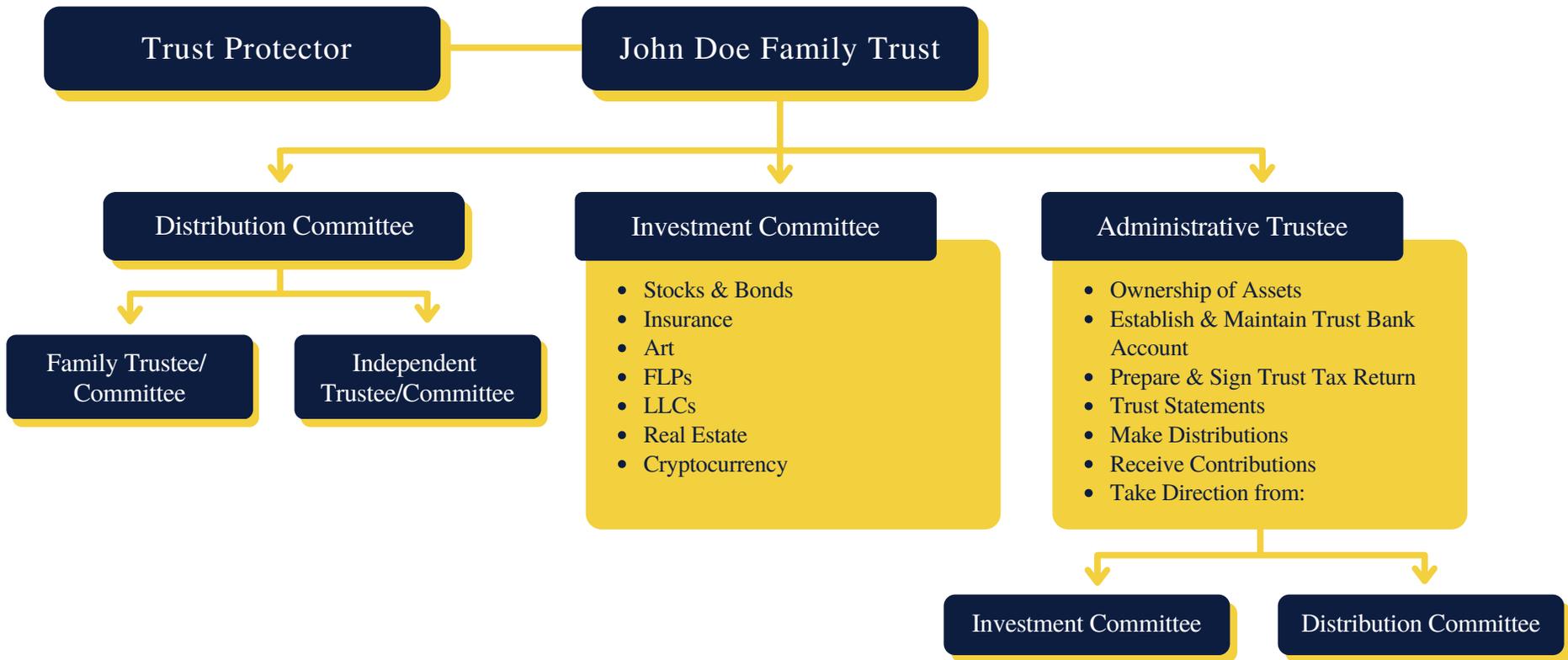
- *The directed trust concept unbundles functions (asset management and trust services) that have been and are traditionally bundled together by large bank-based corporate trustees.*
- *Directed trusts provide a family with maximum flexibility and control regarding the trust's asset allocation, diversification, investment management, and distributions. This is particularly ideal for a settlor who wants to fund an irrevocable trust with a closely held company or a specialized asset, while maintaining control.*
- *A directed trust allows the settlor to appoint an administrative trustee of their choosing and to appoint a trust advisor or an investment trustee/committee, who in turn may select outside investment advisor(s) and/or manager(s) to manage the trust's investments.*

***“Offering unbundled services provides great flexibility and lower fees for families and their advisors.”***<sup>[1]</sup>

<sup>[1]</sup> McDonald, III, Joseph F., “Emerging Directed Trust Company Model” Trusts & Estates February 2012

# Directed Trusts

## Typical Modern “Directed” Trust Structure



# Trust Protector

## *“Super Trustee”*

The inclusion of a ***Trust Protector*** in an irrevocable trust – in conjunction with the directed trust model – gives tremendous control to the settlor, beneficiaries, and advisors to modify many important aspects of the trust.

Acting as a “Super Trustee,” the trust protector concept enhances the control aspects of the directed trust because it provides for direction or restraint of powers of the trustee.

### ***Reasons why a settlor may wish to appoint a Trust Protector include:***

- *Protectors allow for a great degree of flexibility when dealing with changes in circumstances, including both factual circumstances (death, premature divorce, previously unknown children) and legal changes (any legal changes, but most frequently changes to applicable revenue laws);*
- *The settlor may be concerned that the trustee may not pay sufficient attention to his wishes;*
- *The settlor wishes certain powers to be withheld from the trustees; or*
- *The settlor wishes a third party to act as a main point of contact between the beneficiaries and the trustees.*



South Dakota’s trust protector statute is an example of one of the most robust trust statutes in the nation (see *Title 55 - Fiduciaries and Trusts Section 55-1B-6*).

# South Dakota Family Advisor

## *“Trust Protector Light”*

The ***Family Advisor*** is yet another South Dakota modern trust law tool that delivers far more control to settlors of trusts, beneficiaries, and their advisors when used in conjunction with a Directed Trust.

Appropriately referred to as a “Trust Protector Light,” because of its **non-fiduciary status** and limited powers, the South Dakota Family Advisor is an excellent option for settlors of trusts and beneficiaries who may want family advisors, such as attorneys, CPAs, or investment advisors, to have some control and input over important aspects of trust administration without elevating the position to that of a fiduciary, which carries with it heightened liability that may deter advisors from serving.

The Family Advisor role, similar to the Trust Protector, has the power to modify, control, and participate in many important aspects of trust administration. The powers that may be granted to the Family Advisor are:

- (1) Remove and appoint a trustee, a fiduciary provided for in the governing trust instrument, trust advisor, investment committee member, or distribution committee member;*
- (2) Appoint a successor trust protector or a successor family advisor;*
- (3) Advise the trustee on matters concerning any beneficiary; receive trust accountings, investment reports, and other information from the trustee or to which a beneficiary is entitled; attend meetings, whether in person or by any other means, with the trustee, investment trust advisors, distribution trust advisors, or other advisors, whether in person or by any means, electronic or otherwise; and to consult with a fiduciary regarding both fiduciary and non-fiduciary matters or actions, all without any power or discretion to take any action as a fiduciary; or*
- (4) Provide direction regarding notification of qualified beneficiaries pursuant to § 55-2-13.*

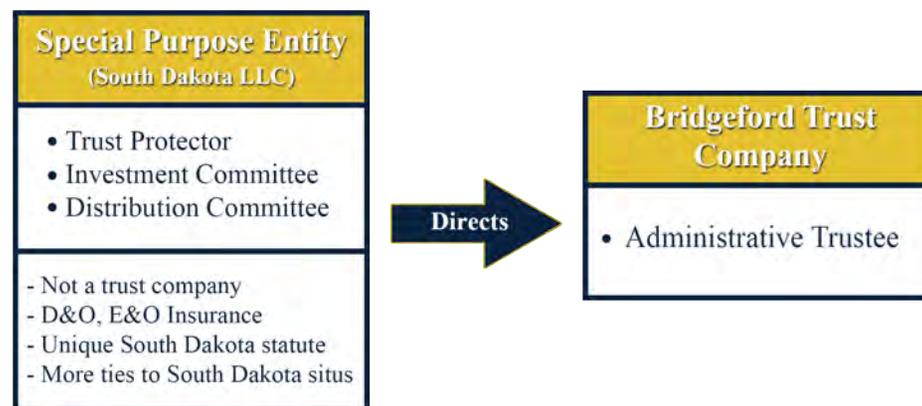
# Special Purpose Entity

## *Protection and Nexus*

The ***Special Purpose Entity*** is a powerful planning tool because it places a liability umbrella over the individuals filling the roles within the directed trust structure (investment committee and/or distribution committee members), as well as the trust protector; therefore protecting them from personal claims connected to their actions in this capacity.

- *The special purpose entity concept is also used to destroy nexus between in-state trust protectors, investment committee members, and/or distribution committee members, therefore maintaining the jurisdictional integrity of a resident trust with situs in a progressive trust jurisdiction like South Dakota.*
- *The sole legal purpose, under South Dakota law, of the special purpose entity is to direct an administrative trustee, such as Bridgeford Trust, relative to trust investments, distributions, and trust protector functions within the directed trust framework (see Title 55 - Fiduciaries and Trusts Section 51A-6A-66).*

The special purpose entity is an important planning tool as it supports and encourages the benefits associated with selecting progressive jurisdictions for trust situs, such as South Dakota, in the wealth and trust planning process.



# Domestic Asset Protection Trusts

## *A Powerful Protection Tool*

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Similar to an offshore asset protection trust in jurisdictions like Nevis and the Cook Islands, ***Domestic Asset Protection Trusts***, available only in a small number of states, including South Dakota, are a formidable domestic planning strategy that legally shields assets from third-party liability (including spouses in a divorce proceeding) and lawsuits, while permitting settlors to retain some control over the trust assets and enjoy a discretionary benefit during their lifetime.

- *A Domestic Asset Protection Trust is fully discretionary, meaning settlors can receive financial benefit from the trust (income and discretionary principal distributions), and protect trust assets from creditor claims and lawsuits, while maintaining control over the investment management function through the directed trust structure.*
- *With its two year “look back” fraudulent conveyance statute, South Dakota’s is among the shortest in the country.*

*Trusts & Estates Magazine* closely examined Domestic Asset Protection Trust statutes in the context of various objective factors. Based upon a thorough analysis, the authors concluded that South Dakota is a top-tier Domestic Asset Protection Trust jurisdiction, while Delaware, Alaska, and Wyoming are all second-tier jurisdictions.<sup>[1]</sup>

<sup>[1]</sup> Merric, Mark, Worthington, Daniel G., MacArthur, Paul & Sullivan, John E. “*Best Situs for DAPTs in 2019*” *Trusts & Estates* January 2019

# Domestic Asset Protection Trusts

## *Domestic and Offshore Protection: Best of Both Worlds*

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By combining the power of both ***domestic and offshore asset protection strategies*** in one trust instrument, South Dakota law renders the debate over domestic versus offshore asset protection moot and gives settlors an easy to understand and compelling option for obtaining asset protection.

*South Dakota Codified Law (SDCL) § 55-3-47 provides a mechanism to have both domestic and offshore asset protection within one trust instrument.*

If a judgment is obtained in any action brought against a trustee of a South Dakota trust for payment, where a foreign court declines to apply the law of South Dakota relative to the asset protection nature of the trust in determining the validity, construction, or administration of such trust, or the effect of a spendthrift provision, the statute clearly indicates that the trust company has no power or authority under South Dakota law to recognize or pay the judgment.

Under the statute, the only power granted to the trust company is to resign and appoint a successor trust company in accordance with the terms of the trust instrument, and convey the trust property to the successor trustee. Presumably, the judgment obtained would then be returned unsatisfied and the creditor would need to commence the action against the successor trustee.



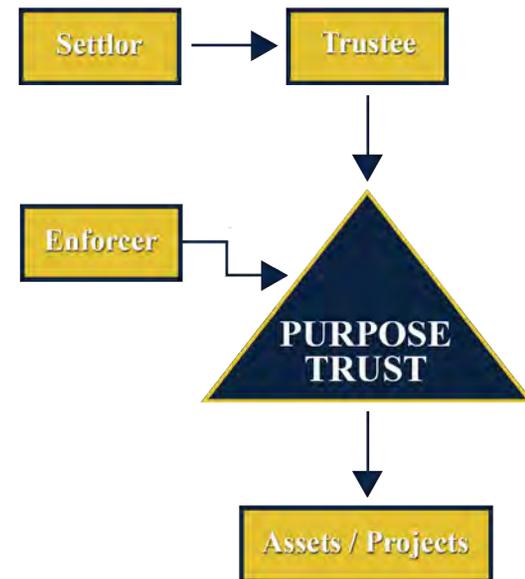
# South Dakota Purpose Trust

## *Created to Support or Maintain a Specific Purpose*

Unlike traditional trusts, the ***South Dakota Purpose Trust***, considered the most flexible in the nation, is a type of trust which has no beneficiaries. A Purpose Trust can be established to hold and protect assets for a specific purpose and not for the benefit of beneficiaries. Similar to a charitable remainder trust which exists to support a particular charity or charitable intent, the Purpose Trust can be created to support or maintain a specific purpose, in perpetuity uniquely under South Dakota law.

### *Examples of a Purpose Trust include:*

- *Business interests*
- *Private Trust Companies (PTCs)*
- *Royalties*
- *Real estate*
- *Art*
- *Cryptocurrency*
- *Pet care*
- *Grave sites*
- *Cryogenics*



Settlors of Purpose Trusts and their advisors can harness the power of South Dakota’s trust laws – dynasty trusts, privacy, and asset protection – while maintaining a great deal of direction and control utilizing the directed trust structure, appointing a trust protector, and naming an enforcer (which can be the same person). As long as the Purpose Trust is established for a valid purpose (not in violation of public policy), the trust can exist forever or be converted to a beneficiary trust at the direction of the trust protector if the purpose comes to an end.

# Privacy vs. Secrecy

## *Keeping Trust Information Confidential*

**Privacy** has always been of paramount concern to wealthy families and is one of the primary reasons why billions of dollars have been and are being moved into South Dakota for trust administration from around the globe. South Dakota is considered to have the best trust privacy and quiet trust statutes in the United States, as noted in a recent article appearing in *Trusts & Estates Magazine*, wherein the authors note,

***“Of the top-tier trust jurisdictions, South Dakota has the best trust privacy laws.”***<sup>[1]</sup>

### **Privacy (keeping trust information out of the public domain)**

South Dakota’s privacy statute provides for a total seal forbidding the release of trust information, including names of settlors, beneficiaries, and the contents of a trust, to the public during litigation. Most states do not have privacy statutes specific to trusts and, as such, privacy is not mandated or guaranteed by law as it is in South Dakota. Of the states that do have privacy provisions, most only limit privacy for a certain duration (Delaware is three years); then the information is released to the public, and the privacy provisions are subject to the Court’s discretion, which is routinely denied.



### **Quiet Trust**

Most states require trustees to inform a beneficiary of his or her beneficial interest in a trust at the age of 18. South Dakota is universally considered by advisors and academics to have the most comprehensive and flexible quiet trust statute in the nation, granting the settlor, trust protector, and the investment/distribution advisor the power to expand, restrict, eliminate, or modify the rights of the beneficiaries to discover information about a trust.

<sup>[1]</sup> Worthington, Daniel G. and Merric, Mark, “Which Trust Situs is Best in 2022?” *Trusts & Estates* December 2021

# Tax Planning, not Tax Evasion

## *Dynasty Trust*

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A ***Dynasty Trust***, not available in all states, is a powerful planning tool that essentially allows a trust to live in perpetuity (forever), therefore NEVER subjecting the assets to federal estate taxation through a forced distribution.

- *South Dakota was the first state in the nation to abolish the Rule Against Perpetuities in 1983, clearing the way for the creation of the Dynasty Trust.*
- *South Dakota is ranked as being the top Dynasty Trust state in the nation while Delaware, long considered a top-tier trust jurisdiction, is currently in the 7<sup>th</sup> position.*

See Attorney Steve Oshins' "9<sup>th</sup> Annual Dynasty Trust State Rankings Chart" for a more detailed and objective comparison of the Dynasty Trust states.



# Tax Planning, not Tax Evasion

## *State Taxation of Trusts*

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Undistributed trust income retained in a trust is taxed in most states at the applicable income tax levels of that state. By situsing a trust in a state that does not have an income tax or does not tax trusts, it provides a compelling ***tax planning opportunity*** for trustees and beneficiaries.

### **Resident Trust – No Taxation On Undistributed Income**

A Resident Trust is a trust with situs and trust administration in a jurisdiction other than where the settlor, beneficiaries, or co-trustees reside. The U.S. Supreme Court and state courts across the nation have held that it is unconstitutional for a state to tax undistributed, non-sourced trust income in a resident trust, affirming that significant state tax savings can be realized by selecting a top-tier, no-income tax state like South Dakota in the planning process.

- *In the Kaestner case, the Supreme Court struck down North Carolina's attempt to tax undistributed income of a Resident Trust properly sitused and administered in a no income tax state, like South Dakota. (Domicile of beneficiary not sufficient to establish nexus for taxation.)*
- *The Supreme Court denied cert in Fielding, upholding the Minnesota Supreme Court's decision also striking down that state's attempt to tax undistributed trust income within a resident trust. (Domicile of settlor not sufficient to establish nexus for taxation.)*
- *Pennsylvania, Minnesota, and New Jersey each have appellate court case law, indicating that taxing undistributed income in a resident trust is a violation of the Commerce Clause of the United States Constitution and Due Process.*
- *Supreme Court and state appellate case law makes a compelling argument for the movement of trusts into states like South Dakota, where there is no state income tax.*
- *Trusts with situs in states without a state income tax would avoid taxation on undistributed retained trust income, which has a substantial impact on the value of trust assets over subsequent generations, particularly in high tax states like California, New York, North Carolina, and New Jersey.*

# Tax Planning, not Tax Evasion

## *South Dakota Community Property Special Spousal Trust*

The ***South Dakota Community Property Special Spousal Trust*** is created by one or both spouses with both spouses as beneficiaries to avoid taxation, because it treats the property as community property at the death of the first spouse, applying a 100% percent step-up in basis at date of death of the first spouse.

- *The South Dakota Community Property Special Spousal Trust avoids federal capital gains taxation of marital/trust assets when subsequently sold. (In non-community property states, the step-up in basis at date of death is only 50%, which means that taxes would be owed on the remaining 50% of the cost basis of the marital property when sold.)*
- *Combining the benefits of a South Dakota Community Property Special Spousal Trust with the federal estate tax benefits of a Dynasty Trust, in a jurisdiction that does not have an income tax, such as South Dakota, creates a powerful tax move that has the potential to result in compelling federal and state tax savings over subsequent generations.*
- *A South Dakota Community Property Special Spousal Trust may also be created, in appropriate cases, to take advantage of South Dakota's Directed Trust laws, delivering more control to settlors and Domestic Asset Protection Trust laws for enhanced protection from creditors.*

See South Dakota Codified Law (SDCL) § 55-17 for the complete details on this legislation.



# Tax Planning, not Tax Evasion

## *The South Dakota Incomplete Non-Grantor Trust (“ING”)*

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An *Incomplete Non-Grantor Trust (“ING”)* is a powerful vehicle that potentially eliminates state income/capital gain tax while taking advantage of Domestic Asset Protection. It is an incomplete gift that never leaves the settlor’s estate, which means there is no gift tax, and it has a non-grantor status, meaning the income is taxed at the trust level.

### *When to use the Incomplete Non-Grantor Trust*

- Asset with significant appreciation, such as low cost basis stock.
- Avoids state income tax on subsequent liquidity event if created in a jurisdiction that does not have a state income tax, such as South Dakota.
- Avoids future state income tax on undistributed investment income.
- PLR requests with the IRS recommended (strong recent PLR support).

### *Example of the tax savings associated with an Incomplete Non-Grantor Trust*

- Closely held business with fair market value significantly over basis with a gain in excess of \$20 million.
- Transfer of closely held stock into an Incomplete Non-Grantor Trust created in jurisdiction with no income tax.
- No gift tax consequence.
- Assuming home state has a 6% income tax rate = \$1.2 million state tax savings.
- Assuming an estimated future investment portfolio of \$16 million earning a conservative 4% undistributed total return, continued state tax savings of \$38,400 per year.

# Decanting

## “Do Over”

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Appropriately referred to as a “do over,” **decanting** is essentially distributing assets from an irrevocable trust to a new trust with different, and presumably more desirable and flexible terms, leaving the unwanted terms in the original trust and not binding on the assets.

- *Distribution of trust principal in further trust allows an irrevocable trust to evolve through decanting to meet a family’s changing needs without court involvement.*
- *The concept of decanting has become a very powerful tool for planners to modify irrevocable trusts and has emerged as one of the most progressive planning strategies available in dealing with irrevocable trusts and dynasty planning issues, and can be applicable to both domestic and international trusts.*
- *Decanting also creates a streamlined option for easily transferring a trust from one state jurisdiction to another more favorable jurisdiction.*

Many states do not have a decanting statute and not all decanting statutes are created equally. It is very important to evaluate the differences among the statutes when selecting proper situs for a trust.

For more information, see South Dakota Codified Law (SDCL) § 55-2-15 to 55-2-18 as well as Attorney Steve Oshins’ “8<sup>th</sup> Annual Trust Decanting State Rankings Chart” for a more detailed and objective comparison of the decanting statutes across the nation.

# Fiscal Soundness

## *An Overlooked, but Extremely Important Factor*

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Currently, top-tier trust jurisdictions like South Dakota have no state income tax which is one of the factors that renders the state so attractive to planners. However, there is no guarantee this will always be the case which is why evaluating the **fiscal strength** of a state when selecting a trust jurisdiction is essential. An objective evaluation, considering multiple factors, reveals that South Dakota is unequivocally the most fiscally sound of all the top tier trust jurisdictions. With respect to the likelihood that South Dakota will ever impose a state income tax, consider the following facts:

- *South Dakota has a constitutional prohibition against estate and inheritance taxes, and requires a 2/3 vote of both houses of the legislature to impose an income tax.*
- *South Dakota has had a balanced budget each year since statehood.*
- *Despite having no income tax, South Dakota ranks 1st out of all 50 states according to The Pew Charitable Trusts research and analysis with respect to tax revenue volatility with an extremely stable state income stream.*
- *In terms of debt and unfunded retirement costs with public pensions over 100% funded, South Dakota ranks lowest of all states at 1st.*
- *South Dakota ranks in the top 10 in budget surpluses for how long the state can run on just rainy day funds.*
- *South Dakota has a AAA bond rating by all 3 rating agencies, indicating a very strong state government and fiscal presence.*
- *In 2018, the nonprofit Mercatus Center at George Mason University ranked all the states by fiscal condition considering a number of factors including cash solvency, budget solvency, long run solvency, service level solvency, and trust fund solvency. South Dakota ranked as 2nd, just behind Nebraska.*
- *South Dakota has the second highest bank assets in the nation, slightly behind Ohio, reporting in excess of \$3.16 trillion, ahead of New York and every other top-tier trust jurisdiction.*

# Coming to America

## *Foreign Grantor Trust*

For a myriad of reasons – including privacy and asset protection – wealthy families from around the world are seeking U.S. trust solutions. Because of the power and sophistication of its trust laws, international families are increasingly selecting South Dakota for trust situs of foreign grantor trusts.

Through appropriate planning and drafting, a ***South Dakota Foreign Grantor Trust*** may be established as a “foreign” trust for U.S. tax purposes and therefore treated the same as an offshore trust, while availing itself of powerful U.S. trust laws. Failure of the “Court Test” or “Control Test,” as outlined by the IRS, will result in the trust being treated as a non-U.S. entity and therefore not subjecting it to U.S. taxation.

Since the trust is considered a South Dakota trust for legal purposes, the state’s industry leading dynasty trust, asset protection, and privacy laws may also be incorporated into the trust.

### ***Why a Foreign Trust?***

- *Repatriation to the U.S.*
- *Reporting protocols*
- *Taxation*
- *Foreign born person living in U.S.*
- *Foreign person with U.S. assets*
- *Privacy/political corruption concerns*



# Coming to America

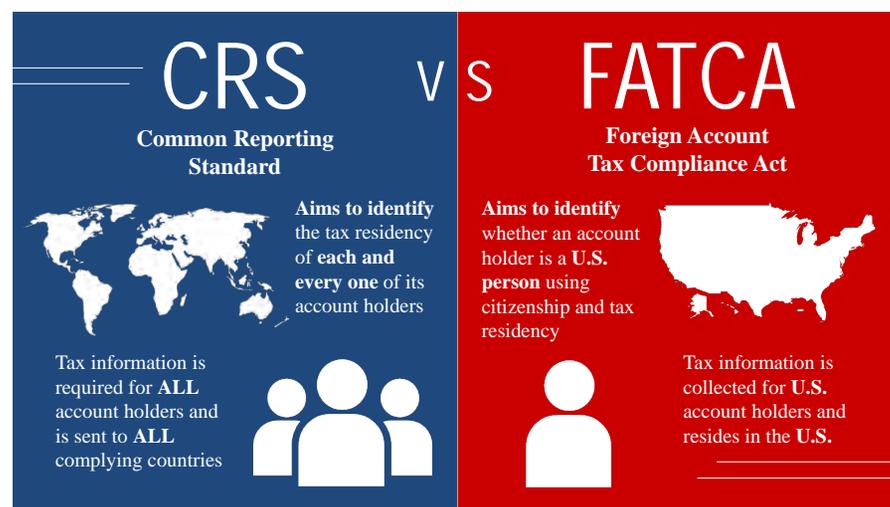
## CRS vs FATCA

**Common Reporting Standard (CRS)** has had a tremendous impact on planning for both domestic and international families with asset protection and privacy concerns. Very similar to FATCA, CRS is a powerful tool that is designed to reduce tax evasion and illegal financial activity by imposing very strong transparency rules and disclosure requirements relative to financial transactions.

*While the reporting requirements of CRS and FATCA are similar:*

- *FATCA focuses on collecting information from individuals only holding U.S. based accounts, and such information is not shared with other countries.*
- *CRS is broader in scope, seeking global cooperation and the sharing of financial information between and among participating jurisdictions, with enhanced transparency in multi-national business and investment reporting.*

To date, well over 100 countries have committed to implement CRS, including jurisdictions traditionally used by families with privacy and asset protection concerns such as Switzerland, Cooks Islands, BVI, Nevis, and New Zealand. The United States has not signed on to CRS, prompting many planners, academics, and industry publications to consider the United States as both a tax and privacy haven.



# Private Placement Life Insurance

## *Cash Value Accumulation and Investment Flexibility*

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Through our sister company, Bridgeford Global, Private Placement Life Insurance (PPLI) – a powerful wealth planning tool used by family offices and high-net worth individuals – can be used to invest in a tax efficient manner and transfer wealth to future generations more effectively. Unlike traditional “retail” insurance, PPLI is a unique type of insurance that takes advantage of insurance rules to avoid income taxation on internal income and taxation on the proceeds at the death of the insured. There is a focus on cash value accumulation and investment flexibility as well as transparent pricing, which is fully disclosed. In some cases, there are no surrender charges, depending on the insurance carrier.

While most U.S. states have a state premium tax anywhere from 200-250 basis points, in South Dakota the insurance premium tax is a percent (8 basis points) for the portion of the annual life premiums exceeding \$100,000. Since most PPLI premiums are in the millions, placing PPLI policies in trust in South Dakota will result in compelling state tax savings.

### *Who benefits from PPLI?*

- *Clients in high tax bracket and/or high tax states.*
- *Clients looking to allocate to tax inefficient assets.*
- *Clients with grantor trusts.*
- *Clients with charitable intent, mostly for U.S. clients.*
- *Clients who have long-term investment horizons and wealth transfer goals for subsequent generations.*

# Choosing the Correct Jurisdiction

## *An Objective Comparison*

	South Dakota	Nevada	Wyoming	Alaska	Delaware
<b>Dynasty Trusts</b>	<b>Yes</b> <i>Ranked as #1 <sup>[1]</sup></i>	<b>Yes</b> <i>Ranked as #2 <sup>[1]</sup></i> <i>State constitution prohibits modification to RAP <sup>[2]</sup></i>	<b>Yes</b> <i>Ranked as #5 <sup>[1]</sup></i> <i>State constitution prohibits modification to RAP <sup>[2]</sup></i>	<b>Yes</b> <i>Ranked as #4 <sup>[1]</sup></i>	<b>Yes</b> <i>Ranked as #7 <sup>[1]</sup></i>
<b>State Income Taxation</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b> <i>Future uncertain</i>	<b>No</b> <i>Only for non-residents</i>
<b>Community Property Trusts</b>	<b>Yes <sup>[3]</sup></b>	<b>No</b>	<b>No</b>	<b>Yes</b> <i>Future uncertain</i>	<b>No</b>
<b>Domestic Asset Protection Statute</b>	<b>Yes <sup>[4]</sup></b> <i>2 year statute of limitations</i> <i>Exception for child support</i>	<b>Yes <sup>[4]</sup></b> <i>2 year statute of limitations</i> <i>No exceptions for child and spousal support</i>	<b>Yes <sup>[4]</sup></b> <i>4 year statute of limitations</i> <i>Exception for child support</i>	<b>Yes <sup>[4]</sup></b> <i>4 year statute of limitations</i> <i>Exception for divorcing spouse</i>	<b>Yes <sup>[4]</sup></b> <i>4 year statute of limitations</i> <i>Exceptions for child and spousal support</i>
<b>Trust Protector</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Directed Trusts</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Decanting Statute</b>	<b>Yes</b> <i>Ranked as #1 <sup>[5]</sup></i>	<b>Yes</b> <i>Ranked as #2 <sup>[5]</sup></i>	<b>Yes</b> <i>Ranked as #14 <sup>[5]</sup></i>	<b>Yes</b> <i>Ranked as #9 <sup>[5]</sup></i>	<b>Yes</b> <i>Ranked as #3 <sup>[5]</sup></i>
<b>Trust Privacy Provision</b>	<b>Yes - Total Privacy Seal Forever</b> <i>Automatically attaches</i>	<b>No Total Privacy Seal <sup>[2]</sup></b> <i>Subject to judge discretion</i>	<b>No Total Privacy Seal <sup>[2]</sup></b> <i>Subject to judge discretion</i>	<b>No Total Privacy Seal <sup>[2]</sup></b> <i>Subject to judge discretion</i>	<b>Yes - Three Year Privacy Seal <sup>[2]</sup></b> <i>Subject to judge discretion</i>
<b>Special Purpose Entity</b>	<b>Yes <sup>[2]</sup></b> <i>Codified by statute</i>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>Family Advisor</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>State Fiscal Health</b>	<b>Ranked as #1 <sup>[6]</sup></b>	<b>Ranked as #18 <sup>[6]</sup></b>	<b>Ranked as #48 <sup>[6]</sup></b>	<b>Ranked as #50 <sup>[6]</sup></b>	<b>Ranked as #38 <sup>[6]</sup></b>

\* Denotes superior distinction among jurisdictions.

<sup>[1]</sup> Attorney Steve Oshins' "9<sup>th</sup> Annual Dynasty Trust State Rankings Chart"

<sup>[2]</sup> Worthington, Daniel G. and Merric, Mark "Which Trust Situs is Best in 2022?" *Trusts & Estates* December 2021

<sup>[3]</sup> South Dakota Special Spousal Trusts, House Bill 1039 (2016) (Sections 29-42)

<sup>[4]</sup> Attorney Steve Oshins' "11<sup>th</sup> Annual Domestic Asset Protection Trust State Rankings Chart"

<sup>[5]</sup> Attorney Steve Oshins' "8<sup>th</sup> Annual Trust Decanting State Rankings Chart"

<sup>[6]</sup> Murphy, Mary; Iyengar, Akshay; and Zhang, Alexandria "Tax Revenue Volatility Varies Across States, Revenue Streams" *PEW* August 2018

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