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Worth It Episode 1: Is Now a Good Time to Create a GRAT?

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With the election only a couple of months away and a possibility that some established estate planning techniques may be unavailable in the future, creating a grantor retained annuity trust while that technique is still available (commonly referred to as a "GRAT") is a relatively simple way to transfer property to your children at virtually no gift tax cost. In order for a GRAT to be successful, your retained annuity from the GRAT must increase in value greater than a hurdle rate. The hurdle rate is linked to the market yield on U.S. government-issued debt, which is largely determined by the Federal Reserve's monetary policy. The hurdle rate for September 2020 and October 2020 has dropped to 0.4%. This all-time low interest rate combined with the current market environment has created a significant opportunity to transfer wealth with minimal gift tax cost by creating a GRAT. In this episode of *Worth It,* Hank J. Leibowitz and Daniel W. Hatten discuss GRATs in more detail and discuss why now is a good time for clients to create a GRAT.

Related Professionals

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