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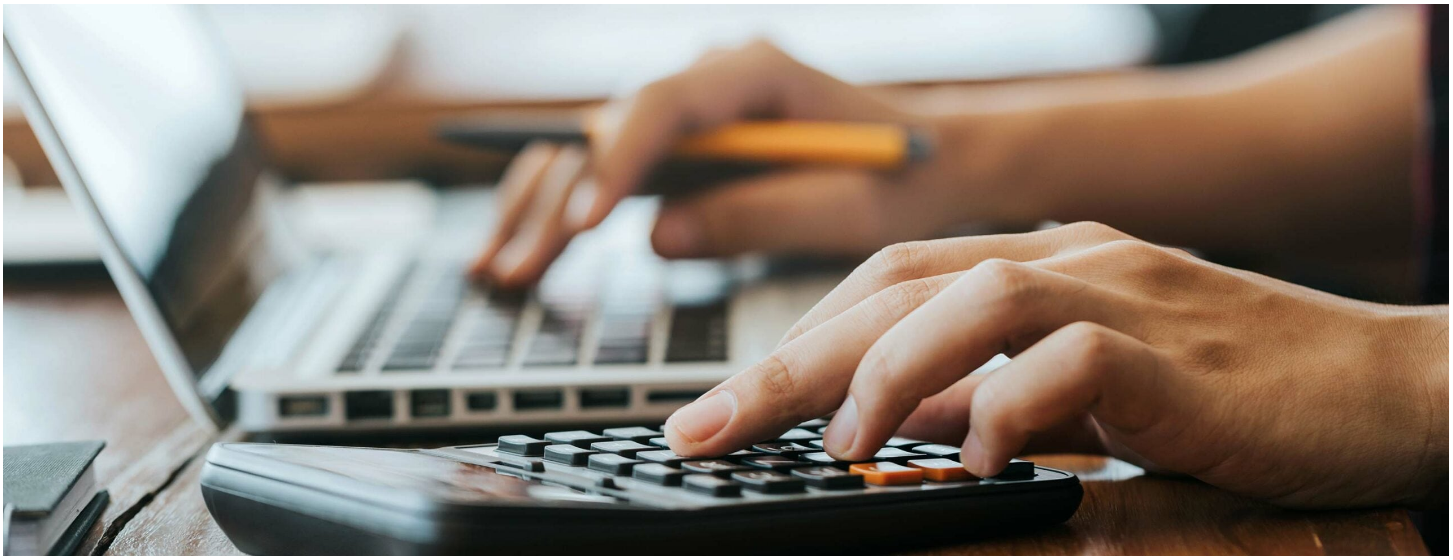

# SLAT Strategies for Wealth Preservation

A SLAT allows one spouse to gift assets to a trust for the benefit of the other spouse or their dependents. This transfer removes the gifted assets from the estates of both spouses and, depending on how the trust is structured, from the estates of the dependents as well.

**How It Works**

Assets transferred to a SLAT are removed from the transferring spouse's estate, the receiving spouse's estate, and potentially the estates of their children. As a result, these assets are not subject to probate and will not trigger estate taxes upon the death of either spouse or their children—even if the assets have appreciated in value.

**Key Benefits of a SLAT**

A SLAT offers multiple advantages, including:

- avoidance of probate
- avoidance of estate taxes
- transfer of tax-free appreciation
- the ability to own life insurance policies and pay premiums
- asset protection
- some access to trust assets through the beneficiary spouse

Assets in a SLAT are well protected from claims by creditors of the spouses and other beneficiaries. Importantly, the transferring spouse does not lose all access to the assets; they can still indirectly benefit through the other spouse. A SLAT is also an excellent vehicle for owning life insurance, which can further leverage its benefits.

**Why SLATs Stand Out Among Gifting Strategies**

Most gifting strategies require the taxpayer to give assets away with no strings attached. For couples with assets ranging from $20 million to $75 million, this can feel risky, especially when considering gifts of $10 million or $20 million that might be needed later.

A SLAT, coupled with life insurance, can offer the best of both worlds, including:

- a completed gift
- removal of trust assets from a couple's gross estate
- a tax-favored, leveraged death benefit

All of this comes with the added flexibility of allowing the beneficiary spouse access to trust investment values if needed in the future.

**Leverage SLATs for tax Efficiency**

By transferring assets into a SLAT, individuals can leverage current gift and estate tax exemptions while maintaining indirect access to trust assets through their spouse. This strategy can help preserve wealth for future generations and minimize federal tax liability.

Because tax laws and exemptions can change over time, it's important for individuals and families to work closely with their advisors to evaluate whether a SLAT aligns with their long-term financial and estate planning goals.

SLATs are typically *grantor trusts*, meaning the transferring spouse is responsible for paying income taxes on the trust investments. This arrangement allows the transferor to pay those taxes without the government treating the payments as an additional gift. Generation-skipping transfer tax planning can also be included in SLATs.

**Current Exemptions and Potential Changes**

Estate and gift tax exemptions—and the rates applied to them—are often subject to legislative changes. Beginning January 1, 2026, the federal unified estate and gift tax exemption is $15 million per taxpayer, with annual inflation adjustments. This change was made permanent by the One Big Beautiful Bill Act (OBBBA), signed into law in 2025.

This means an individual can make lifetime gifts of property or cash valued at or up to $15 million without paying federal gift taxes. For federal estate taxes, an individual may leave an estate of up to $15 million without incurring federal estate tax at death.

It is important to note that gift and estate exemptions are unified. This means if the exemption amount is used for gifts during life, the estate tax exemption is reduced, dollar for dollar. Only the remaining balance, if any, is available to offset estate taxes. Amounts exceeding the exemption are taxed at a federal rate of 40 percent.

## Is a SLAT Right for You?

If you think a SLAT may benefit you, start a conversation with your financial advisor. While SLATs offer many advantages, the best approach depends on your unique circumstances.

Although no one can predict the future of estate and gift tax exemptions, one thing is certain: uncertainty. Planning now with a SLAT can help you take advantage of current exemptions while hedging against potential reductions in the future.

**Source:**

Internal Revenue Service, n.d. “Internal Revenue Service | an Official Website of the United States Government.” Irs.gov. https://www.irs.gov/.

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