



Pioneer Bank & Trust

Trust & Investments

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Ask a trust officer: Blended families

DEAR TRUST OFFICER:

I'm planning to remarry, and I know that means I should take a look at my will. Right now I've left my property to my kids from my first marriage. I'd like to include my new spouse in my plan, yet I don't want to cut out the children completely. Is there an easy solution?

—STARTING OVER

DEAR STARTING:

In situations such as yours, we've seen a lot of interest in the *Qualified Terminable Interest Property Trust*, or more commonly, *QTIP Trust*. The trust is "qualified" for the marital deduction from the federal estate tax, provided the surviving spouse is a U.S. citizen. The trust is "terminable" because it ends at the spouse's death, and the spouse usually doesn't have the right to change who gets the property at that point. In other words, the inheritance for your children is secure.

Another benefit of the QTIP trust is that the executor can elect a full or partial marital deduction, depending upon what's best for tax purposes. That flexibility is especially welcome during these volatile times when asset values can change suddenly.

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