



## NOTATIONS FOR FORM 206

This form is designed for an unmarried settlor who wishes to utilize his or her generation-skipping tax exemption by establishing generation-skipping trusts for his or her descendants. The settlor should also execute a will patterned on FORM 110: WILL-Pour-over.

Certain provisions of this form assume that there is a disinterested party acting as trustee or co-trustee under the agreement. FORMS 210 and 211: REVOCABLE TRUST AGREEMENT-Plural Trustees, operate to preclude a beneficiary who is acting as co-trustee from the exercise of powers which would have adverse tax consequences. A beneficiary should not act as sole trustee where the trustee may accumulate income or pay it to or spray it among a group which includes the beneficiary; see IRC §678(a)(1).

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If the settlor is to be the initial trustee of the trust, (i) use the alternate trustee succession provision on page 201-20 and the alternate testimonium provision on page 201-36, and (ii) substitute for the first paragraph:

- 1 I, MARY DOE, of \_\_\_\_\_, \_\_\_\_\_, as settlor, make this agreement with myself, as trustee, this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

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If the trust will be funded during settlor's lifetime and is to have sole responsibility for paying settlor's death taxes and expenses, (i) revise settlor's will so his or her estate does not pay those taxes and expenses and (ii) substitute for first paragraph of SECOND:

- 2 SECOND: Upon my death the trustee shall make the following payments from the trust estate. The trustee shall pay all expenses of my last illness and funeral, costs of administration including ancillary, costs of safeguarding and delivering devises, claims allowable against my estate (excluding debts secured by real property or life insurance), and unsatisfied pre-residuary devises under my will if my will contains a residuary devise to this trust. The trustee shall also pay all estate and inheritance taxes assessed by reason of my death, including such taxes on property passing outside this agreement, except that the amount, if any, by which the estate and inheritance taxes shall be increased as a result of the inclusion of property in which I may have a qualifying income interest for life or over which I may have a power of appointment shall be paid by the person holding or receiving that property. Such payments, including interest and penalties on any tax, shall be charged against principal or income as provided by applicable state law. The trustee may make payment directly or to the personal representative of my estate, as the trustee deems advisable. The trustee shall make these payments without apportionment or reimbursement.

If the settlor will make direct skips at death in excess of his or her GST exemption, or if it is desired to reserve apportionment rights for death taxes generated not only by marital trusts but also by other property passing outside the revocable trust, substitute for first paragraph of SECOND:

- 3 SECOND: Upon my death, if I have no probate estate, or to the extent that the cash and readily marketable assets in the principal of the residue of my probate estate are insufficient, the trustee shall make the following payments from the trust estate. The trustee shall pay the expenses of my last illness and funeral, costs of administration including ancillary, costs of safeguarding and delivering devises, claims allowable against my estate (excluding debts secured by real property or life insurance), and pre-residuary devises under my will if my will contains a residuary devise to this trust. Except as hereinafter provided, the trustee shall also pay the estate and inheritance taxes and generation-skipping taxes on direct skips which are assessed by reason of my death, including such taxes on property passing outside this agreement. Such payments, including interest and penalties on any tax, shall be charged against principal or income as provided by applicable state law. The trustee may make payment directly or to the personal representative of my estate, as the trustee deems advisable. The trustee shall make these payments without apportionment or reimbursement or charging any direct skip property.

The trustee shall not pay death taxes caused by:

- (a) Property over which I may have a power of appointment,
- (b) Property in which I may have a qualifying income interest for life, unless for generation-skipping tax purposes the property has an inclusion ratio of zero and is treated as if the qualified terminable interest property election had not been made,
- (c) Property constituting a direct skip for generation-skipping tax purposes which is caused by a disclaimer or which is from a trust not created or appointed by me,
- (d) \_\_\_\_\_, and

**FORM 206**  
**REVOCABLE TRUST AGREEMENT**  
**One Settlor**  
**-Generation-Skipping Trust**  
**for Unmarried Settlor**

**TRUST AGREEMENT**

I, MARY DOE, of \_\_\_\_\_, \_\_\_\_\_, as settlor, make this agreement with NORTHERN TRUST [*insert full legal name of applicable NORTHERN TRUST bank throughout the instrument*], of \_\_\_\_\_, \_\_\_\_\_, as trustee, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

I hereby transfer to the trustee the property listed in the attached schedule and am causing the trustee to be designated as beneficiary of the life insurance policies described therein. That property, the proceeds of those policies, all additional property received by the trustee from any person by will or otherwise, and all investments and reinvestments thereof, are herein collectively referred to as the "trust estate" and shall be held upon the following trusts:

FIRST: During my lifetime the trustee shall pay so much or all of the income and principal of the trust estate to me or otherwise as I direct.

**DIRECTED  
PAYMENTS**

If at any time or times I shall be unable to manage my affairs, the trustee may use such sums from the income and principal of the trust estate as the trustee deems necessary or advisable for the health and maintenance in reasonable comfort of myself and any person dependent upon me, or for any other purpose the trustee considers to be for my best interests.

**DISABILITY**

For purposes of this agreement, I shall be considered to be unable to manage my affairs if I am under a legal disability or by reason of illness or mental or physical disability am unable to give prompt and intelligent consideration to financial matters. The determination as to my inability at any time shall be made by \_\_\_\_\_ and my physician, or the survivor of them, and the trustee may rely upon written notice of that determination.

Any excess income of the trust shall be added to principal.

SECOND: Upon my death, if I have no probate estate, or to the extent that the cash and readily marketable assets in the principal of the residue of my probate estate are insufficient, the trustee shall make the following payments from the trust estate. The trustee shall pay the expenses of my last illness and funeral, costs of administration including ancillary, costs of safeguarding and delivering devises, claims allowable against my estate (excluding debts secured by real property or life insurance), and pre-residuary devises under my will if my will contains a residuary devise to this trust. The trustee shall also pay the estate and inheritance taxes assessed by reason of my death, including such taxes on property passing outside this agreement, except that the amount, if any, by which the estate and inheritance taxes shall be increased as a result of the inclusion of property in which I may have a quali-

**TAXES –  
EXPENSES**

**[ List additional property passing outside the instrument  
against which tax apportionment rights should be asserted. ]**

(e) \_\_\_\_\_ .

The person holding or receiving the above-described property shall pay, either directly or to the trustee, the amount, if any, by which the death taxes are increased as a result of the taxation of that property. If two or more properties cause an increase in a tax, the increase shall be allocated among the properties in proportion to their respective taxable values.

**If special gifts of money are desired, add the following after THIRD and renumber the succeeding articles:**

- 4       FOURTH: Upon my death the trustee shall distribute from the principal of the trust estate:
- (a) \$5,000 to my sister, JANE ROE, of \_\_\_\_\_, \_\_\_\_\_, if she is then living;
  - (b) \$2,500 to the OLD PEOPLE'S HOME, of \_\_\_\_\_, \_\_\_\_\_, if then in existence; and
  - (c) \$5,000 to each of my grandchildren who is then living; if a grandchild is a minor, payment may be made for the benefit of the grandchild to a custodian under a Uniform Transfers or Gifts to Minors Act.

No interest or share of income shall be paid on these distributions. The balance of the trust estate which remains after the foregoing distributions have been made or provided for shall be held and disposed of as hereinafter provided.

fyng income interest for life or over which I may have a power of appointment shall be paid by the person holding or receiving that property. Such payments, including interest and penalties on any tax, shall be charged against principal or income as provided by applicable state law. The trustee may make payment directly or to the personal representative of my estate, as the trustee deems advisable. The trustee shall make these payments without apportionment or reimbursement.

Assets or funds otherwise excludable from my gross estate for federal estate tax purposes shall not be used to make the foregoing payments. The trustee's selection of assets to be sold for that purpose or to satisfy any pecuniary gifts, and the tax effects thereof, shall not be subject to question by any beneficiary.

The trustee shall make such elections and allocations under the tax laws as the trustee deems advisable, without regard to the relative interests of the beneficiaries and without liability to any person. No adjustment shall be made between principal and income or in the relative interests of the beneficiaries to compensate for the effect of elections or allocations under the tax laws made by the personal representative of my estate or by the trustee.

The balance of the trust estate which remains after the foregoing payments have been made or provided for shall be held and disposed of as hereinafter provided.

THIRD: My husband, JOHN DOE, is deceased. I have three children now living, **FAMILY** namely:

JOHN DOE, JR., born \_\_\_\_\_ (date) \_\_\_\_\_ ;  
DOROTHY DOE, born \_\_\_\_\_ (date) \_\_\_\_\_ ; and  
DAVID DOE, born \_\_\_\_\_ (date) \_\_\_\_\_ .

**If a 90-day period of survivorship for a child or other descendant is desired (see Treas. Reg. § 26.2612-1(a)(2)), insert after first sentence in FIFTH:**

- 5 For purposes of this agreement, in case a child or other descendant survives me but dies no later than 90 days after my death, he or she shall be deemed to have predeceased me.

**As the GST exemption increases in future years, the funding in FIFTH(a) might allocate little or no property to a child's GST nonexempt trust. If it is desired that the GST nonexempt trust shall receive a minimum percentage of property in all events, insert after fourth sentence in FIFTH(a):**

- 6 In all events, however, the child's GST nonexempt trust shall receive at least \_\_\_\_\_ % of the child's share.

FOURTH: If the federal generation-skipping tax is in existence at my death, the trustee as of my death shall divide the balance of the trust estate into GST exempt property and GST nonexempt property. The GST exempt property shall be a fraction of the trust estate of which

**GST EXEMPT  
AND NONEXEMPT  
PROPERTY**

(i) the numerator is the amount of my GST exemption which has not been allocated to other property before or after my death, and

(ii) the denominator is the federal estate tax value of the assets in the trust estate.

The remaining portion of the trust estate, if any, shall be the GST nonexempt property.

FIFTH: The trustee shall forthwith divide the trust estate into equal shares to create one share for each child of mine living at my death and one share for the then living descendants, collectively, of each deceased child of mine.

**DIVISION**

(a) If the federal generation-skipping tax is in existence at my death, GST exempt property shall be used first to fund the shares for my living children to the extent of the value of those shares, with each child's share receiving an equal portion of GST exempt property. The part of a child's share funded with GST exempt property shall be held as a separate trust for the child, designated the child's "GST exempt trust." A child may disclaim a part or all of his or her interest in the GST exempt trust. The balance of a child's share, if any, shall be held as a separate trust for the child, designated the child's "GST nonexempt trust." Each trust shall be held and disposed of as hereinafter provided.

(b) If the federal generation-skipping tax is not in existence at my death, each share created for a living child of mine shall be allocated \_\_\_\_\_ % to the child's GST exempt trust and \_\_\_\_\_ % to the child's GST nonexempt trust.

(c) Each share created for the descendants of a deceased child shall be distributed per stirpes to those descendants, subject to postponement of possession as provided below.

**If a spray of the income and principal from a child's GST exempt trust for the child and descendants is desired, substitute for SECTION 1 of SIXTH:**

7 SECTION 1: The trustee may pay so much or all of the income and principal of a child's GST exempt trust to any one or more of the child and his or her descendants from time to time living, in equal or unequal proportions and at such times and in such manner as the trustee deems necessary or advisable for their health, support in reasonable comfort, and education (including postgraduate), considering the income of each of them from all sources known to the trustee, but shall make no invasion for the child from the principal of his or her GST exempt trust so long as any readily marketable assets remain in a GST nonexempt trust for the child. Any income not so paid shall be added to principal. No payment of income or principal to a descendant of the child shall be charged against the share hereinafter provided for the descendant or his or her ancestor or descendants.

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**If it is desired that the generation-skipping trusts continue for the period of time allowed by the rule against perpetuities, substitute the following for FOURTH, FIFTH, SIXTH and the first paragraph of SEVENTH and renumber the succeeding articles:**

8 FOURTH: The trustee as of my death shall divide the balance of the trust estate into GST exempt property and GST nonexempt property.

- (a) If the federal generation-skipping tax is in existence at my death, the GST exempt property shall be a fraction of the trust estate of which
  - (i) the numerator is the amount of my GST exemption which has not been allocated to other property before or after my death, and
  - (ii) the denominator is the federal estate tax value of the assets in the trust estate.The remaining portion of the trust estate, if any, shall be the GST nonexempt property.
- (b) If the federal generation-skipping tax is not in existence at my death, the trust estate shall be allocated \_\_\_\_\_ % to GST exempt property and \_\_\_\_\_ % to GST nonexempt property.

The GST exempt property and GST nonexempt property shall be held and disposed of as hereinafter provided.

FIFTH: The trustee shall forthwith divide the GST exempt property per stirpes among my descendants who are living at my death. Each share set aside for a descendant of mine (herein referred to as a "beneficiary") shall be held as a separate trust, designated the beneficiary's "GST exempt trust," and disposed of as follows:

SECTION 1: The trustee shall pay the income from a beneficiary's GST exempt trust in convenient installments, at least quarterly, to the beneficiary during his or her lifetime; but if the income so payable to the beneficiary shall at any time or times exceed the amount which the trustee deems to be in his or her best interests (considering his or her other income and means of support known to the trustee, the desirability of augmenting his or her estate, and any other circumstances and factors deemed pertinent), the trustee may pay any part or all of the excess income to any one or more of the beneficiary's descendants from time to time living, in equal or unequal proportions, according to their respective needs and best interests, or accumulate the same and add it to principal as the trustee deems advisable.

The trustee may also pay to any one or more of the beneficiary and his or her descendants, in equal or unequal proportions, such sums from the principal of the beneficiary's GST exempt trust as the trustee deems necessary or advisable from time to time for their health, support in reasonable comfort, and education (including postgraduate), considering the income of each of them from all sources known to the trustee, but shall make no invasion for the beneficiary from his or her GST exempt trust so long as any readily marketable assets remain in a GST nonexempt trust hereinafter established for the beneficiary. No payment made for a descendant of the beneficiary shall be charged against the share hereinafter provided for the descendant or his or her ancestor or descendants.

SECTION 2: Upon the death of a beneficiary his or her GST exempt trust shall be held in trust hereunder or distributed to or in trust for such one or more of the beneficiary's surviving spouse, the beneficiary's descendants and their respective spouses, and my descendants (other than the beneficiary) and their respective spouses, with such powers and in such manner and proportions as the beneficiary may appoint by his or her will making specific reference to this power of appointment. For purposes of this agreement, the term "spouse" shall include a widow or widower, whether or not remarried.

SECTION 3: Upon the death of a beneficiary any part of his or her GST exempt trust not effectively appointed shall be divided per stirpes among his or her then living descendants, or if none, then per stirpes among the then living descendants of the nearest ancestor of the beneficiary who is a descendant of mine and who has one or more descendants then living, or if also none, then per stirpes among my then living descendants. Each portion set aside for a descendant of mine for whom a GST exempt trust is then held under this article shall be added to that trust. Each portion set aside for any other descendant shall be held as a separate GST exempt trust, with the descendant as the "beneficiary" of the trust, and shall be disposed of as provided in this article.

SIXTH: A GST exempt trust for a child shall be held and disposed of as follows:

**GST EXEMPT  
TRUST**

SECTION 1: The trustee shall pay the income from a child's GST exempt trust in convenient installments, at least quarterly, to the child during his or her lifetime; but if the income so payable to the child shall at any time or times exceed the amount which the trustee deems to be in his or her best interests (considering his or her other income and means of support known to the trustee, the desirability of augmenting his or her estate, and any other circumstances and factors deemed pertinent), the trustee may pay any part or all of the excess income to any one or more of the child's descendants from time to time living, in equal or unequal proportions, according to their respective needs and best interests, or accumulate the same and add it to principal as the trustee deems advisable.

**INCOME**

The trustee may also pay to any one or more of the child and his or her descendants, in equal or unequal proportions, such sums from the principal of the child's GST exempt trust as the trustee deems necessary or advisable from time to time for their health, support in reasonable comfort, and education (including postgraduate), considering the income of each of them from all sources known to the trustee, but shall make no invasion for the child from his or her GST exempt trust so long as any readily marketable assets remain in a GST nonexempt trust for the child. No payment made for a descendant of the child shall be charged against the share hereinafter provided for the descendant or his or her ancestor or descendants.

**PRINCIPAL  
INVASION**

SECTION 2: Upon the death of a child his or her GST exempt trust shall be held in trust hereunder or distributed to or in trust for such one or more of the child's surviving spouse, the child's descendants and their respective spouses, and my descendants (other than the child) and their respective spouses, with such powers and in such manner and proportions as the child may appoint by his or her will making specific reference to this power of appointment. For purposes of this agreement, the term "spouse" shall include a widow or widower, whether or not remarried.

**LIMITED  
TESTAMENTARY  
POWER OF  
APPOINTMENT**

SECTION 3: Upon the death of a child any part of his or her GST exempt trust not effectively appointed (or upon my death if the child disclaims, the disclaimed part of his or her GST exempt trust) shall be distributed per stirpes to his or her then living descendants, or if none, then per stirpes to my then living descendants, subject to postponement of possession as provided below, except that each portion otherwise distributable to a child of mine for whom a GST exempt trust is then held hereunder shall be added to that trust.

**DEFAULT**

SECTION 4: The trustee shall terminate and distribute any GST exempt trust which is still held at the end of the period allowed by the applicable rule against perpetuities, if any. In addition, a corporate trustee in its discretion may terminate and distribute any GST exempt trust at any time if the corporate trustee determines that the cost of continuance thereof will substantially impair accomplishment of the purposes of the trust. A GST exempt trust terminated under this section shall be distributed to the beneficiary of the trust.

SIXTH: The trustee as of my death shall divide the GST nonexempt property into equal shares to create one share for each living child of mine and one share for the living descendants, collectively, of each deceased child of mine.

Each share created for the descendants of a deceased child shall be distributed per stirpes to those descendants, subject to postponement of possession as provided below. Each share created for a living child shall be held as a separate trust for the child, designated the child's "GST nonexempt trust," and disposed of as follows:

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**If a child's GST nonexempt trust is to be distributed outright to the child upon the death of the settlor, (i) substitute the following for SEVENTH and (ii) delete or modify all references to GST nonexempt trust throughout SIXTH:**

9 SEVENTH: Upon my death a GST nonexempt trust for a child shall be distributed outright to the child.

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**If minor child, add to first paragraph of SECTION 1 of SEVENTH:**

10 . . . ; except that while the child is under the age of 21 years, the trustee may pay to or for the benefit of the child so much or all of the income from his or her GST nonexempt trust as the trustee deems necessary or advisable from time to time for his or her health, maintenance in reasonable comfort, education (including postgraduate) and best interests, adding to principal any income not so paid.

SEVENTH: A GST nonexempt trust for a child shall be held and disposed of as follows: **GST NONEXEMPT TRUST**

SECTION 1: The income from a child's GST nonexempt trust shall be paid in convenient installments, at least quarterly, to the child until complete distribution of the trust or his or her prior death. **INCOME**

The trustee may also pay to the child such sums from the principal of his or her GST nonexempt trust as the trustee deems necessary or advisable from time to time for the health, maintenance in reasonable comfort, education (including postgraduate) and best interests of the child and his or her descendants, individually and as a group, considering the income of each of them from all sources known to the trustee. The trustee may also pay to an educational organization or medical care provider such sums from principal as the trustee deems necessary or advisable from time to time for the tuition (including postgraduate) and medical care of any descendant of the child. No payment made for a descendant of the child shall be charged against the share hereinafter provided for the descendant or his or her ancestor or descendants. **PRINCIPAL INVASION**

SECTION 2: After creation of a child's GST nonexempt trust and after a child has reached any one or more of the following ages, the child may withdraw from the principal of his or her GST nonexempt trust at any time or times not to exceed in the aggregate: **RIGHT TO WITHDRAW**

1/3 in value after 30 years of age;

1/2 in value (after deducting any amount subject to withdrawal but not actually withdrawn) after 35 years of age; and

The balance after 40 years of age.

The value of the GST nonexempt trust shall be its value as of the first exercise of each withdrawal right, plus the value of any subsequent addition as of the date of addition. The trustee shall make payment without question upon the child's written request. The right of withdrawal shall be a privilege which may be exercised only voluntarily and shall not include an involuntary exercise.

SECTION 3: If a child dies before receiving his or her GST nonexempt trust in full, then upon the death of the child his or her GST nonexempt trust shall be held in trust hereunder or distributed to or in trust for such appointee or appointees other than the child, his or her estate, his or her creditors and the creditors of his or her estate, with such powers and in such manner and proportions as the child may appoint by his or her will making specific reference to this power of appointment. **LIMITED TESTAMENTARY POWER OF APPOINTMENT**

**If it is desired to provide for contingent distributees in the event of a failure of descendants, add to EIGHTH:**

- 11        If upon my death, or at any time thereafter but prior to complete distribution of the trust estate, there is no living descendant of mine, any trust property then held under this agreement and not vested or effectively appointed shall be distributed 1/2 to my heirs-at-law and 1/2 to my deceased husband's heirs-at-law, the heirs-at-law and the proportions which they shall respectively take to be determined in each case according to the present laws of descent of the state of my deceased husband's domicile as if my husband and I had both died at that time.

In addition, if a child's GST nonexempt trust would incur generation-skipping tax upon the death of the child (assuming the non-exercise of all testamentary powers of appointment granted to the child hereunder), then the child shall also have the power to appoint the portion of the GST nonexempt trust otherwise constituting a generation-skipping transfer to the creditors of his or her estate. This general testamentary power of appointment is granted to avoid generation-skipping tax. This power of appointment may be exercised only by a will making specific reference to this power. Any such portion not effectively appointed shall be held and disposed of as hereinafter provided, except that unless the child directs otherwise by his or her will or revocable trust, the trustee shall first pay from the principal of such portion, directly or to the personal representative of the child's estate as the trustee deems advisable, the amount by which the estate and inheritance taxes assessed by reason of the death of the child shall be increased as a result of the inclusion of such portion in the child's estate for such tax purposes. The trustee's selection of assets to be sold to pay that amount, and the tax effects thereof, shall not be subject to question by any beneficiary.

**CONTINGENT  
GENERAL  
TESTAMENTARY  
POWER OF  
APPOINTMENT**

SECTION 4: Upon the death of a child any part of his or her GST nonexempt trust not effectively appointed shall be distributed per stirpes to his or her then living descendants, or if none, then per stirpes to my then living descendants, subject to postponement of possession as provided below, except that each portion otherwise distributable to a child of mine for whom a GST nonexempt trust is then held under this article shall be added to that trust.

**DEFAULT**

EIGHTH: Each share of the trust estate which is distributable to a beneficiary who has not reached the age of 35 years shall immediately vest in the beneficiary, but the trustee shall retain possession of the share as a separate trust, paying to or for the benefit of the beneficiary so much or all of the income and principal of the share as the trustee deems necessary or advisable from time to time for his or her health, maintenance in reasonable comfort, education (including postgraduate) and best interests, adding to principal any income not so paid (except that after the beneficiary has reached the age of 21 years, the trustee shall pay to him or her all the income from the share in convenient installments, at least quarterly), and distributing 1/2 in value of the principal of the share to the beneficiary if he or she has then reached or at such time thereafter as he or she reaches the age of 30 years and the balance to the beneficiary when he or she reaches the age of 35 years or to the estate of the beneficiary if he or she dies before receiving the share in full.

**POSTPONEMENT  
OF POSSESSION**

**For ADMINISTRATIVE PROVISIONS, TRUSTEE POWERS, ADDITIONS, RIGHT TO REVOKE, GOVERNING LAW, TESTIMONIUM, ATTESTATION and ACKNOWLEDGMENT, refer to FORM 201: REVOCABLE TRUST AGREEMENT-One Settlor-Fractional Share Marital Trust.**