



Weatherby & Associates, PC
Counselors at Law

Helping Families Preserve and Protect Assets and Values

Getting a New Basis in Your Old Assets and Investments

Alaska Community Property Trusts: The Basics

What Is the Benefit of an Alaska Community Property Trust?

One of the primary benefits of an Alaska Community Property Trust is that, at the death of the first spouse to die, both spouse's interests in the community property receive a full basis adjustment. This means that the tax basis of the property is raised to match the value of the property on the date of the decedent's death. As a result, there will be no capital gain payable on the property if it is sold for its value at the date of the first spouse's death. The increased basis will allow for increased depreciation deductions for businesses and investment depreciable property. By contrast, only one half of property jointly owned by married couples living in separate property states will receive an adjustment in basis.

Who Should Consider an Alaska Community Property Trust?

Characteristics of couples who are likely to benefit from an Alaska Community Property Trust:

- They are in a long-term stable marriages
- They own a significant amount of appreciated property
- They own a significant amount of real property with little or no remaining depreciable life
- They are older and at least one spouse may have a reduced life expectancy

What is an Alaska Community Property Trust?

An Alaska Community Property Trust is a revocable trust that enables a married couple in a non-community property state to take advantage of federal income tax laws that favor community property. Alaska Community Property Trusts can result in substantial tax savings.

Who Can Form an Alaska Community Property Trust?

Alaska's community property benefits are available to non-residents if the trust complies with statutory requirements called the Alaska Situs Requirements. Under these requirements the trust must have at least one Alaska qualified trustee, who must be an individual domiciled in Alaska or an Alaska trust company or bank. This qualified trustee's powers must include maintaining records for the trust on an exclusive or non-exclusive basis and preparing and arranging for the preparation of any income tax returns that must be filed by the trust, also on an exclusive or non-exclusive basis. Other co-trustees may be nonresidents and can include the spouses.