



**SPECIAL AMENDMENT
OF LIVING TRUST AND POWER OF ATTORNEY(S)
TO PERMIT ANNUAL EXCLUSION GIFTING**

To: The Trustees and Successor Trustees:

The undersigned Trustor(s) of the Trust Declaration dated *(enter date of trust)* _____, notify you that, under the powers reserved in the revocable trust declaration (or agreement), the instrument governing the trust is amended in the manner specified herein. This amendment to the trust shall be referred to as “the Special Amendment of Trust to Permit Annual Gifting.”

FIRST: A new paragraph is added to Article Six of the trust instrument to allow for gifting of trust assets to reduce the impact of Federal Estate Taxes. The new provision is as follows:

6.25. Authority to Make \$10,000 Annual Exclusion Gifts. The attorney in fact (agent) or conservator of a trustor may remove trust assets from the trust where the trustor has been making Annual Exclusion gifts as part of an ongoing plan of estate reduction, and continue to make such annual exclusion gifts on behalf of the trustor. The agent is authorized to remove trust assets and make gifts on the trustor’s behalf to any or all members of a class composed of that particular trustor’s children, any of their issue, or both, provided that they be in equal amounts to each member of a specific class or generation of persons, and to extinguish or reduce specific gifts to those persons named as intended beneficiaries under the terms of the trustor’s will or revocable trust, to the full extent of the federal annual gift tax exclusion under Internal Revenue Code section 2503 (b) or any successor statute and, for such purposes, to remove the trustor’s assets from this trust. The agent may also remove trust assets to complete charitable pledges previously made by the trustor. The trust shall terminate as to any gifts made under this provision. However, a spouse of the trustor acting as an agent shall have no power under this provision to remove assets to make gifts to himself or herself as the attorney in fact. An agent other than a spouse may only gift to himself or herself an amount equal to the annual exclusion gift (\$10,000) in any one year from any single trustor’s trust estate.

SECOND: The trustor(s) amend(s) by adding the following paragraphs to his/her Durable Powers of Attorney for Property Management executed *(enter date of document)* _____.

(af) Authority to Make \$10,000 Annual Gifts. Where the principal has been making Annual Exclusion gifts as part of an ongoing plan of estate reduction, the Agent may continue to make annual exclusion gifts. The agent is authorized to make gifts on the principal’s behalf to a class composed of any or all of the principal’s children, any of their issue, or both and to extinguish or reduce specific gifts to those persons named as intended beneficiaries under the terms of the principal’s will or revocable trust, to the full extent of the federal annual gift tax exclusion under Internal Revenue Code section 2503 (b) or any successor statute and, for such purposes, to remove the principal’s assets from any grantor revocable trust of which the principal is a grantor. However, the agent shall have no power under this provision to make gifts in excess of the annual exclusion (\$10,000) in any one year to the attorney in fact who is so acting. The agent may also complete charitable pledges previously made by the principal. The agent is authorized to consent to split gifts made by the principal’s spouse to third persons under Internal Revenue Code section 2513 or any successor statute, and similar provisions of any state or local gift tax laws.

(ag) Authority to Exercise Annual Withdrawal Rights. The agent is authorized to exercise on the principal’s behalf and for the principal’s benefit annual withdrawal rights from trusts that are limited to the greater of \$5,000 or 5 percent of trust assets, and to take possession of and utilize or distribute such withdrawn property to or for the benefit of the principal.

THIRD: Except for the specified changes, additions, and deletions set forth herein, all provisions of the trust instrument, including any prior amendments, or addendums, to the Living Trust referred to herein and the Durable Power of Attorney for Property Management referred to herein shall remain in full force and effect.

I/We the undersigned, as the Trustor(s) and trustee(s) of the trust instrument dated on the above mentioned date, consent to the amendment described above.

Date: _____

Executed on _____, 19____ at _____ County, California.

Trustor

Trustee

Trustor

Trustee