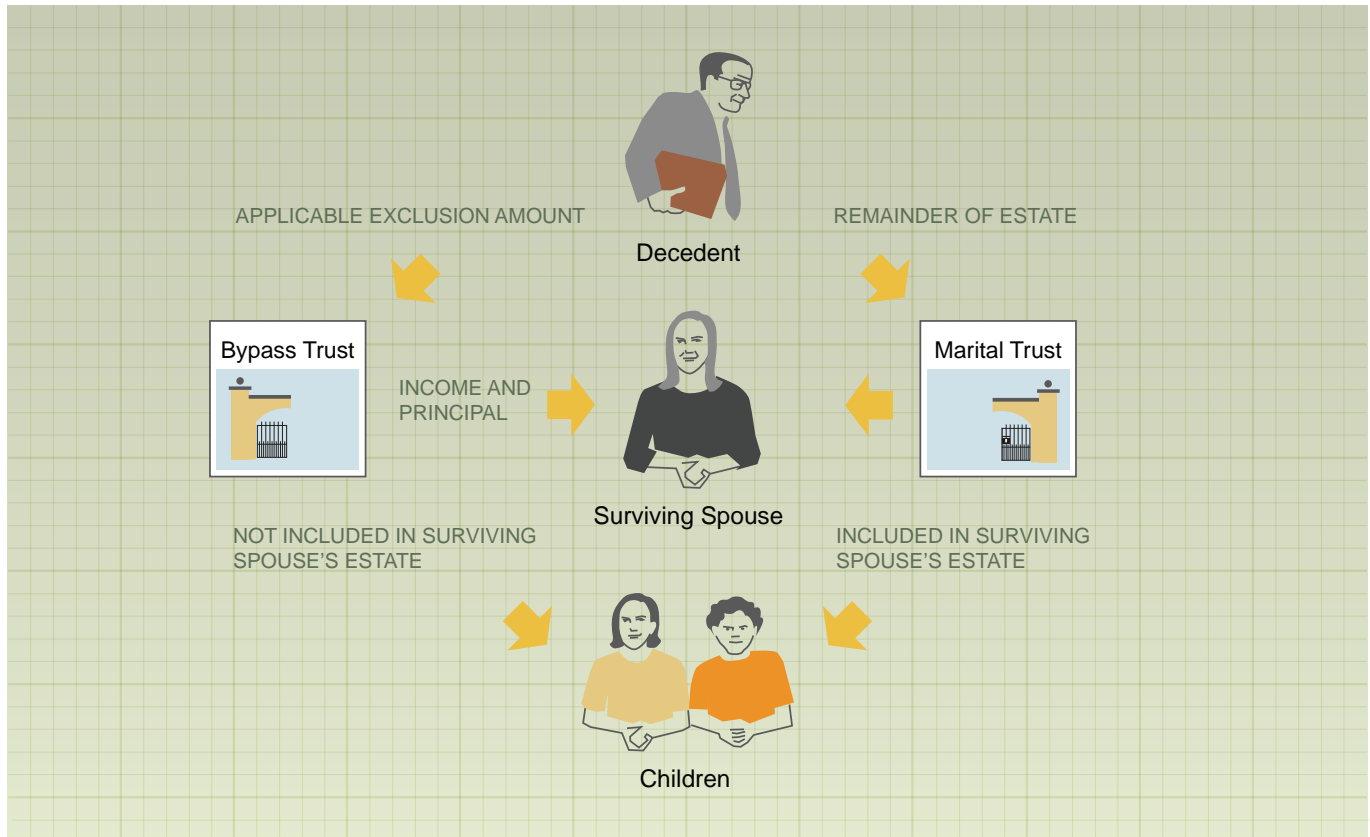


How the Bypass Trust Works



The decedent provides for a portion of his estate to be placed in a bypass trust, often equal to the applicable exclusion amount for the year of death.

The remainder of the estate is given outright to the surviving spouse or placed in a marital trust.

Income and principal from the bypass trust can be paid to the spouse during his or her lifetime.

At the surviving spouse's death, the children receive the property from both trusts, but the property in the bypass trust is not included in the surviving spouse's gross estate.

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