



# Quick Guide to Trusts and Tax Savings

Avoid Common and Costly Mistakes

**Into Trust**

I put my property in a living trust, will my property taxes go up?

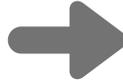


**NO**

Flip for more

**Out of Trust**

My property is in a trust. If I take it out, will it be reassessed?



**MAYBE**

Flip for more

**Parent**

I inherited property from my parents' trust, will my property taxes go up?



**YES**

Flip for more

**Grandparent**

My grandparents passed away and I inherited property from their trust. Will it be reassessed?



**YES**

Flip for more

**Sibling**

I inherited property from my parents' trust, but I sold it to my sister. Will it be reassessed?



**YES**

Flip for more



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## Into Trust

If your trust is *revocable* (can amend/cancel it), then your property **will not** be reassessed. If your trust is *irrevocable* (cannot amend/cancel it), then it is considered a change in ownership and the property **will** be reassessed. However, other savings programs that protect from reassessment may apply, including those that protect transfers between spouses, and parents and children. Providing the Assessor with a copy of the full trust document helps avoid confusion. After filing any deed, keep an eye out for requests for information from the Assessor. It's important to make sure the records match or are explained. **Example:** if you've changed your name, be sure to provide the appropriate documentation. See [Rev. & Tax Code § 62\(d\)](#).

## Out of Trust

When property is taken out of a trust, reassessment will depend on who or what is receiving that property. Transferring property from your trust back into your name, or into another revocable trust created by you, **will not** cause reassessment. Transferring it to a third party or third party's trust, generally **will** cause reassessment. Again, other savings programs, such as those for spouses or parents and children may apply. **Example:** taking property out of your trust, and putting into your spouses name, is generally not a reassessable event. Be sure to provide supporting documentation to the Assessor, including a copy of the trust, to avoid complications. See [Rev. & Tax § 62\(d\)](#).

## Parent

The trust itself does not protect from reassessment. The *Parent-Child Exclusion* allows property to be sold or given, to or from a parent (with or without a trust) **without** being reassessed. However, a *Parent-Child Exclusion* claim (known as Proposition 58) must be filed with the Assessor in a timely manner. If the transfer has occurred upon the death of a parent, you must separately notify the Assessor by filing a "Change in Ownership Statement, Death of Real Property Owner," in addition to the exclusion claim. See Forms [BOE-502-D](#), [ASSR 176](#) and [BOE-58-AH](#), [OWN-88](#), or [Rev. & Tax § 63.1\(1\)\(a\)](#).

## Grandparent

While there is a protection for transfers from grandparent to grandchild (known as Proposition 193), it is **only** available if the parent(s) are deceased. If the parents are deceased at time of transfer, then a claim can be made in the same manner as the Parent-Child claim. If the parents are still living, then the transfer is **not eligible** and the property **will be** reassessed. If the inheritance occurs upon the death of a property owner, the Assessor must be separately notified with the "Change in Ownership Statement, Death of Real Property Owner." See Forms [BOE-502-D](#), [ASSR 176](#) and [BOE-58-G](#), [OWN 143](#), or [Rev. & Tax § 63.1\(3\)\(a\)](#).

## Sibling

Transfers between siblings **will be** reassessed. Even if you and a sibling inherit equal shares of a property, and you subsequently transfer your share to a sibling, the transferred portion of the property **will be** reassessed. However, if your parent(s)' trust **does not** specify a *pro rata distribution*, then the trustee may be able to distribute the property to one sibling and assets of equal value to the other, thereby avoiding a transfer that would trigger reassessment. If there are not sufficient assets to equalize shares, the trustee may also be able to borrow against the property. Such action must be taken **by the trustee, in the name of the trust**. Remember it is not the trust that prevents reassessment: a *Parent-Child Exclusion* claim must be filed. See Board of Equalization [Property Tax Annotation 625.0000](#).

For more information visit [assessor.lacounty.gov](http://assessor.lacounty.gov).