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Testimony of Christopher S. Drew, Esq.  
In Support of Raised Bill 5140  
An Act Concerning Property Tax Relief on  
Certain Real Property Held in Trust

Planning and Development Committee  
February 21, 2014

Senator Osten, Representative Rojas, members of the Planning and Development Committee, thank you for the opportunity to appear before the committee to comment on Raised Bill No. 5140, An Act Concerning Property Tax Relief on Certain Real Property Held in Trust. My name is Christopher S. Drew. I am a Shareholder of Drew & Mersereau, P.C., a law firm with an office in Avon. I practice law in the areas of estate planning and estate settlement. I respectfully request that the Planning and Development Committee act favorably on Raised Bill No. 5140.

C.G.S. Section 12-129n permits municipalities to provide property tax relief for elderly homeowners and totally disabled homeowners who meet an income criteria established by the municipality. Raised Bill No. 5140 would permit people who qualify for property tax relief based on income or disability to transfer their home to a trust and continue to qualify for property tax relief.

Many people are using revocable living trusts as an important part of their estate plan. Essentially, a trust is a contract between the person who establishes the terms of the trust (the Donor), and the person who agrees to manage the trust property in accordance with the terms of the trust (the Trustee), for the benefit of the beneficiaries of the trust. The Donor can change the terms of a revocable living trust at any time as long as the Donor is still competent.

Many trust agreements provide for the same person to be the Donor, the Trustee and the primary beneficiary of the trust. By serving as Trustee, the Donor retains control over the assets in the trust during his life. The Donor will often transfer ownership of his assets into the trust during his life.

Typically a client would sign a deed to transfer ownership of the house into the trust.

There are several benefits to funding a trust during a person's life. The first benefit is to create a plan for the possibility of the Donor becoming incapable of managing his own financial affairs during his life. The trust can provide for the Donor's child to either serve as a Co-Trustee with the Donor or as a successor Trustee to manage the assets for the benefit of the Donor if the Donor becomes incapable of managing his own affairs. The second benefit of funding a trust is to create a plan for the management of the Donor's property at his death. Typically when a person funds a trust with his assets during his life, the probate process is easier for his family upon his death. In addition, upon the death of the Donor the successor Trustee has the ability to immediately access trust assets to pay bills such as funeral bills and utility bills for the house.

The change to C.G.S. Section 12-129n proposed by Raised Bill No. 5140 is consistent with the following statutes that already offer property tax relief if the person's house is owned by a trust:

- C.G.S. Section 12-81(17) for blind persons;
- C.G.S. Section 12-81(19) for veterans;
- C.G.S. Section 12-81(20) for servicemen and veterans having disability ratings; and
- C.G.S. Section 12-81(22) for a surviving spouse or minor child of a serviceman or veteran.

While there may be a perception that trusts are only used by people with millions of dollars that is not the case. Many people who are currently qualifying for property tax relief in accordance with C.G.S. Section 12-129n would benefit from the opportunity to use a trust as part of their estate plan. Personally I have worked with two clients who were faced with the choice of either funding a trust or continuing to qualify for property tax relief. Raised Bill No. 5140 would resolve this dilemma for those two people and many others across the state.

Thank you again for this opportunity to comment on Raised Bill No. 5140. I would be pleased to answer any questions you might have, either now or at your convenience by telephone or e-mail.