



AVOID COMMON AND COSTLY MISTAKES

TRUSTS AND TAX SAVINGS GUIDE

Office of Tom J. Bordonaro, Jr., County Assessor

Transfer to a Revocable Trust

If I put my property into my revocable living trust, will my property taxes go up?

Maybe. When a property owner transfers property to their revocable living trust – which they can amend or cancel, in most cases – the property will not be reassessed (see exception, below). This is because the creator of a revocable living trust is viewed as the owner of the property held by the trust. However, when the creator of the trust passes away, a change in ownership occurs and the property may be reassessed. Savings programs, including the interspousal transfer exclusion or the parent-child transfer exclusion, which can protect against reassessment, may be available. To determine if a property owner is eligible for such benefits, the Assessor's office may need to review a complete copy of the trust to which the property was transferred. After recording a deed transferring property to a trust, please watch for any request for information from the assessor.

Exception: If a property owner holds title to property in a joint tenancy with anyone other than a spouse or registered domestic partner, the property may be subject to reassessment when the property is transferred to the trust. Please call our office for more information, if property is held in joint tenancy.

Transfer to an Irrevocable Trust

If I put my property into my irrevocable living trust, will my property taxes go up?

Maybe. When a property owner transfers property to an irrevocable trust, whether or not the property will be reassessed depends on the beneficiaries named in the trust. Generally, if the property owner or their spouse is named as the present beneficiary of the trust, the property will not be reassessed. However, if an individual or individuals, other than the property owner or their spouse, are named as the present beneficiaries, the property will be reassessed. Savings programs, including the interspousal transfer exclusion or the parent-child transfer exclusion, which can protect against reassessment, may be available.

Transfer out of a Trust

If I take my property out of my trust, will my property taxes go up?

Maybe. When property is transferred out of a trust, whether or not a reassessment will occur will depend on who is/are the present beneficiary/beneficiaries of the trust, and to whom the property is transferred. Again, saving programs, including the interspousal transfer exclusion or parent-child transfer exclusion, may apply.

Inheritance from Parents

I inherited property from my parents, through their trust. Will my property taxes go up?

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Maybe. A trust does not itself protect property from reassessment. Upon the death of a real property owner, their property becomes subject to reassessment – whether or not it is held in trust – absent an applicable exclusion. The parent-child transfer exclusion allows a family residence or farm to be transferred from a parent to a child, or child to a parent, without the property being assessed, if certain requirements are met. A parent-child transfer exclusion claim must be filed with the assessor promptly. If the transfer occurred upon the death of a parent, a separate “Change in Ownership Statement - Death of Real Property Owner” form must be filed, in addition to the exclusion claim, and in most cases, a Homeowners’ Exemption claim.

See Forms BOE-58-AH or BOE-19P, BOE-502-D, and BOE-266

Inheritance from Grandparents

I inherited property from my grandparents, through their trust. Will my property taxes go up?

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Maybe. A trust does not itself protect property from reassessment. Upon the death of a real property owner, their property becomes subject to reassessment – whether or not it is held in trust – absent an applicable exclusion. Under certain circumstances, the grandparent-grandchild transfer exclusion allows property to be transferred from a grandparent to grandchild, or grandchild to grandparent, without the property being assessed. A grandparent-grandchild transfer exclusion claim must be filed with the assessor promptly. If the transfer occurred upon the death of a grandparent, a separate “Change in Ownership Statement, Death of Real Property” must be filed, in addition to the exclusion claim, and in most cases, a Homeowners’ Exemption claim.

See Forms BOE-58-G or BOE-19-G, BOE-502-D, and BOE-266

Transfers to Siblings

I inherited property from my parents, through their trust. I then sold the property to my sibling. Will the property taxes go up?

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Yes. Transfers between siblings will be reassessed. If you and a sibling inherit equal shares of a property, and you transfer your share to a sibling, the transferred portion of the property will be reassessed. However, if your parent(s)’ trust does not require a pro rata distribution, then the trustee may distribute the property to one sibling and assets of equal value to the other, potentially avoiding a transfer that would trigger reassessment. If there are not sufficient assets to equalize shares, the trustee may also borrow against the property. Such action must be taken by the trustee, in the name of the trust. Remember the trust does not prevent reassessment; a parent-child exclusion claim must be filed, and in most cases, a Homeowners’ Exemption claim.

Disclaimer: Information on this document should not be construed as legal advice. It is designed merely to inform the public on tax relief opportunities processed by the San Luis Obispo County Assessor. If you have questions regarding your particular property tax position, you should consult with an attorney or a property tax professional.