**Title:** Onward! To Alaska! Strategies for Selling Assets (Part 2 of 2)

**Subtitle:**

**Meta Description:** Onward! To Alaska! Strategies for Selling Assets (Part 2 of 2)

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**Raw Content:** Previously, I wrote about the use of Alaska Community Property as a way to increase (“step-up”) to fair market value the basis of appreciated property at the first death of a married couple.  This technique addressed the dilemma of whether to gift the property today when value is depressed and avoid death tax on future appreciation, or to hold until death to obtain the <a href="http://www.investopedia.com/terms/s/stepupinbasis.asp#axzz1jwMdN0Ap">step-up in basis</a>.
[caption id="attachment\_607" align="alignright" width="212"]<a href="onward-to-alaska-strategies-for-selling-assets-part-2-of-2" rel="attachment wp-att-607"></a> Death, Taxes, and Polar Bears[/caption]
If the low-basis property is held until death in order to obtain the step-up, one of the risks is that asset appreciation or inflation will increase the death taxes faced by the estate.  In fact, a person risks continuing uncertainty because tax rates and the size of the exclusion are not firmly established. If a transfer is made, the income tax will be paid by the recipients.
Some people resist the idea of using an out-of-state trustee and applying law that is not local.  People do have other alternatives.  One such alternative is the use of a joint trust with a <a href="http://en.wikipedia.org/wiki/Power\_of\_appointment">power of appointment</a>.  Normally, one-half of joint property is included in the estate of the first-to-die and that portion obtains the step-up by virtue of being subject to estate tax.  In a community property state, the entire value is included at the first death and receives a step-up.  The joint trust approach attempts to secure the step-up by including one-half as being owned by the decedent and the other half by virtue of the power of appointment.
The joint trust approach does not provide asset protection, an additional benefit available in states like Alaska, but may work for those of us who want to remain close to home.