



# Alaska's Trust & Estate Industry

*Genesis & Industry Overview*

April 9, 2025  
House Judiciary  
Committee

*Presented by*  
Matthew Blattmachr

# What to Take Away from Today



- Why the industry was started in Alaska
- How it was built (efforts of the legislature)
- How Alaska competes

# What Makes a “Top” Trust Jurisdiction?



Baseline requirements:

- Has **abolished Rule Against Perpetuities “RAP”** (to allow for perpetual trusts)
- Allows **self-settled trusts** and modern planning (directed trusts, asset preservation, etc.)
- **No state income tax** on trusts
- Sufficient **local professionals** to serve the industry (attorneys, trustees, CPAs)
- Legislative environment that keeps **laws current and competitive**

# 1<sup>st</sup> and 2<sup>nd</sup> Tier Trust States



## *1<sup>st</sup> Tier States*

- Alaska
- Delaware
- Nevada
- South Dakota
- Wyoming

## *2<sup>nd</sup> Tier States*

- New Hampshire
- Ohio
- Tennessee

# Features of the Top Five Trust States



|  | Alaska  | Delaware   | South Dakota  | Nevada  | Wyoming  |
|--|---|--|---|---|--|
| Dynasty Trusts   | Yes   | Yes  | Yes   | Yes   | Yes  |
| State Income Tax on Trusts   | No  | No<br>(for non-residents)  | No  | No  | No   |
| Community Property Trusts  | Yes   | No   | Yes   | No  | No   |
| Self-settled Trust (Asset Protection)  | Yes<br>4-year statute of limitations<br>No exceptions (if married,<br>requires spousal consent) | Yes<br>4-year statute of limitations<br>Exceptions for child and<br>spousal support                      | Yes<br>2-year statute of limitations<br>Exception for child support | Yes<br>2-year statute of limitations<br>No exceptions | Yes<br>4-year statute of limitations<br>Exception for child<br>support |
| Trust Protector  | Yes   | Yes  | Yes   | Yes   | Yes  |
| Directed Trusts  | Yes   | Yes  | Yes   | Yes   | Yes  |
| Decanting  | Yes   | Yes  | Yes   | Yes   | Yes  |
| Insurance Premium Tax Rate<br>(Relevant for establishing large private placement life<br>insurance policies) | <b>2.70%</b><br>up to \$100K<br><b>0.08%</b><br>on excess                                       | <b>2.00%</b><br>up to \$100K<br><b>0.00% or 2.00%</b> on<br>excess (0% if policy is held in<br>DE trust) | <b>2.50%</b><br>up to \$100K<br><b>0.08%</b><br>on excess           | <b>3.50%</b>  | <b>0.75%</b><br>up to \$100K<br><b>0.075%</b><br>on excess             |

# Genesis of Alaska Trust & Estate Industry

- Modern era of the industry started in 1997 with AK Trust Act
- Desire by industry practitioners and professionals to make Alaska a great place for estate planning
- Prior to 1997, Alaska had limited trust and estate statutes
  - Most importantly, nothing special
  - Pre-1997, no reason to do trust business in Alaska

# Why Alaska?

- Great laws provide no reason to perform T&E planning anywhere else
- Preferential laws work in two ways
  - Drive business in (non-residents)
  - Keep business in (residents)
- All the requirements of a preferred state
  - Permits long-term trusts and self-settled trusts
  - Does not impose an income or similar tax on trusts located in the state
  - Has a significant number of sophisticated professionals that service the industry
  - Engaged legislature willing to explore new ideas
- Since 1997, has continued to enhance and refine T&E laws

# Alaska Trust Act (1997)



- The Alaska Trust Act was the first legislation of its kind, **set Alaska at the forefront of trust and estate planning**
- Authorized the creation of self-settled trusts
  - Grantor is potential beneficiary
  - Assets are removed from grantors estate
  - Necessary for federal tax planning (estate/transfer tax)
- Encourage and enhance use of lifetime gift and estate tax exemptions, not creditor protection
  - Common planning hurdle
  - Great planning today, but what if?
  - Safety valve
  - Necessary in order to gain protection
  - Cannot be relegated to creditors
  - Has appropriate safeguards in place to prevent misuse
  - Alaska has history of case law where bad cases failed, safeguards worked



# Alaska Trust Act (1997)

- Eliminated Rule Against Perpetuities – allowed “Dynasty trusts”
- Added Spendthrift provisions
  - Beneficiary interest cannot be transferred
- Updated LP & LLC Statutes

# 1997 to Now



- AK Legislature has passed over ten T&E specific bills
  - 1997 – Alaska Trust Act
  - 1998 – Opt-In Community Property, life insurance premium tax
  - 2000 – Decanting
  - 2003 – Enhanced beneficiary protection (spendthrift)
  - 2006 – Divorce protection, decanting (if done properly)
  - 2010 – Pre-mortem probate – Nonresidents
  - 2013 – Directed trusts, lifetime IRA transfers, INGAs
  - 2015 – Adjust. life insurance premium tax
  - 2023 – Community property clarification
- 2019 - Creation of ATEP – the industry formally united to advance the interests of Alaska as a national player

# 1997 to Now



- T&E bills not passed
  - 2018 – Decanting fix, tracing of trust assets
  - 2019 – Transfer on death of vehicle titles
  - 2020 – Anti-Powell fix, Gift trusts
  - 2021 – E-wills
  - 2024 – Single member LLC powers for executor issue fix
- 2025 Priorities
  - Transfer on death of vehicle titles
  - Update of Fiduciary Income and Principal act

# Alaska Trust & Estate Professionals (ATEP)



- Formed in 2019
- Comprised of estate planning attorneys, professional trustees, CPAs, financial advisors, insurance professionals
- Any Alaskan professional working in the estate planning industry is eligible to participate
- Group governed by bylaws designed for industry collaboration and alignment, broad membership determines what issues are prioritized and supported

# McDowell Group Report

## ECONOMIC IMPACTS OF ALASKA'S TRUST INDUSTRY

- 2021 study performed by McKinley Research Group (formerly McDowell Group) documenting the size and economic impact of the trust industry in the state of Alaska.

# Trust Industry in Alaska



Alaska's place as a premier jurisdiction for trusts and estates contributes to:

- A sophisticated professional community that benefits residents in their estate planning
- Brings millions to Alaska banks and wealth management firms
- Employs hundreds of Alaskans
- Contributes millions in labor income to the state economy

# Trust Industry in Alaska Economic Impacts

---

Assets Held in Alaska Banks: \$100 million

Number of Direct Workers: 300

Direct Annual Average Jobs: 140

Direct Labor Income: \$14.6 million

Total Jobs: 260

Total Labor Income: \$21.6 million

---

# Trust Industry in Alaska – Economic Impacts



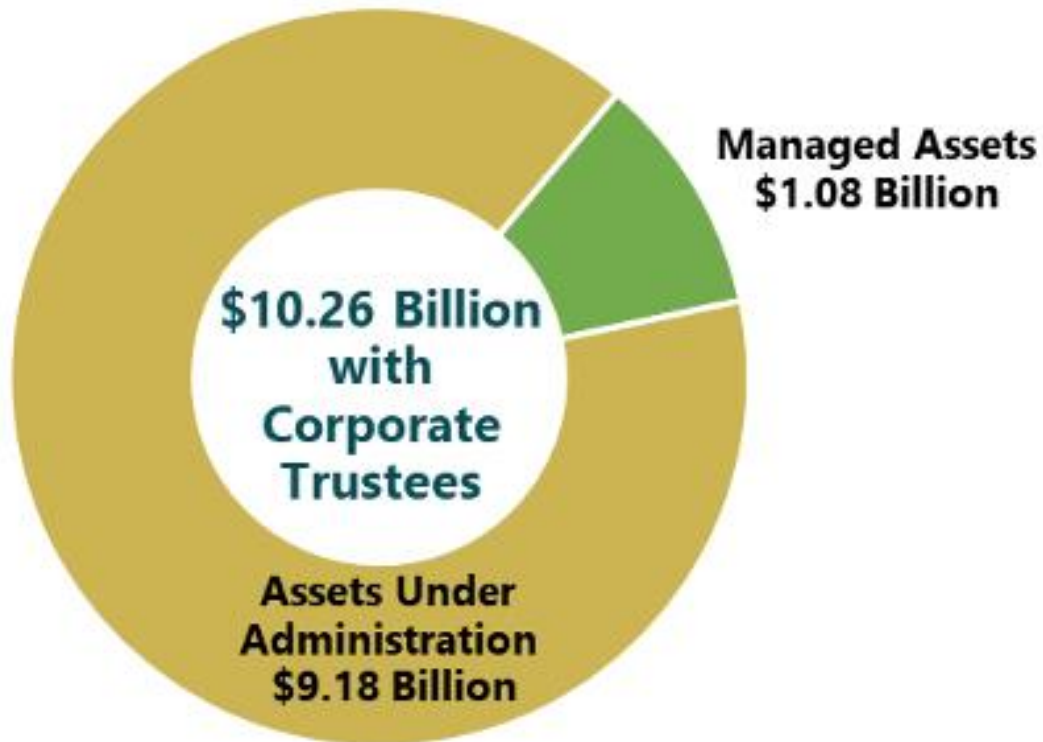
| DIRECT IMPACTS   | INDIRECT IMPACTS   | INDUCED IMPACTS  |
|--|--|--|
| Employment and payroll directly resulting from creation and maintenance of Alaska trusts | Employment and payroll resulting from companies purchasing goods or services from other businesses in the Alaska economy | Employment and payroll resulting from employees spending their payroll dollars in Alaska |



# Trust Industry in Alaska – AUA and AUM



## Alaska Trust Assets Administered by Alaska Firms



- Assets associated with a **corporate trustee** are held in local Alaska banks and are invested by wealth management firms in the state.
- While it is not possible to quantify the total amount of assets held in trusts with **individual trustees**, these trusts represent further investment in Alaska financial institutions

# Trust Industry Economic Impacts

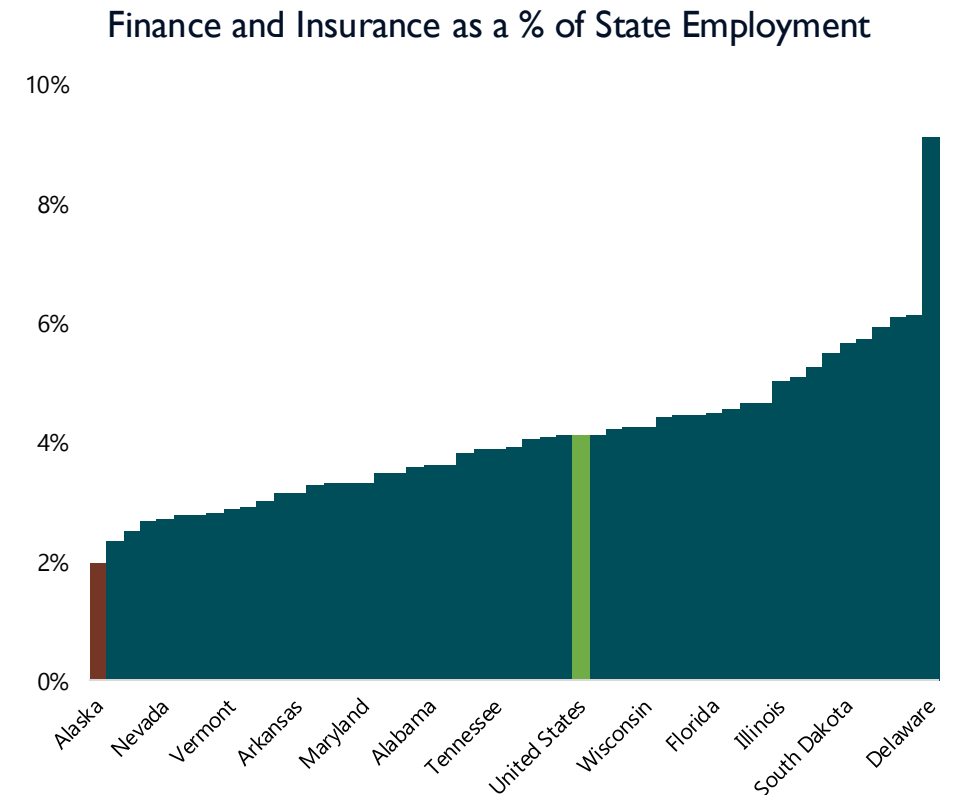


- Establishing and maintain trusts requires a variety of professional services. The trust industry in Alaska is composed of:
  - *Corporate trustees*
  - *Legal professionals*
  - *Accounting professionals*
  - *Wealth management firms*

# Trust Industry and Alaska's Financial Sector



- Alaska's financial services sector accounts for less than 2% of all wage and salary employment in the state.
- This is the lowest rate of financial services sector employment of any state and half the rate of the national average of 4%.
- Without a robust trust industry in Alaska serving non-resident clients, Alaska's already-underdeveloped finance sector would be even smaller.
- Most Alaska trust assets are managed outside the state. Managing a larger portion of those assets in Alaska is a potential opportunity to grow the financial services sector in Alaska.



# Trust Industry and Alaska's Financial Sector



- Trust assets held and managed in Alaska impact the state's financial services sector. The following table shows metrics of the finance and insurance industry's impact on Alaska and comparable state economies.
- Consistent with employment, Alaska's financial services industry accounts for just 2% of state GDP.

Finance and Insurance Industry as a % of State GDP and Employment

| State        | Finance & Insurance as % of State GDP | Finance & Insurance as % of State Employment* |
|--------------|---------------------------------------|---|
| Alaska       | 2%                                    | 2%  |
| Delaware     | 30%                                   | 9%  |
| Nevada       | 6%                                    | 3%  |
| South Dakota | 16%                                   | 6%  |

# Trust Industry and Alaska's Financial Sector



- The trust industry is a small, but bright spot in an otherwise underdeveloped financial services sector in Alaska's economy.
- Maintaining highly competitive trust legislation and with no income tax on trust income (for trusts with non-resident grantors), Alaska has potential to grow its financial services sector.

## Economic Impacts of Alaska's Trust Industry

PREPARED FOR:  
**Peak Trust Company**

January 2021

**McDowell**  
GROUP

[Alaska's Trust Industry  
Full-Length Report](#)

## ALASKA'S TRUST AND ESTATE INDUSTRY

**A**laska's place as a premier jurisdiction for trusts and estates contributes to a sophisticated professional community that benefits residents in their estate planning, brings millions to Alaska banks and wealth management firms, employs hundreds of Alaskans, and contributes millions in labor income to the state economy.

### What is a Trust?

A trust is a legal relationship where one party (called the trustee) manages, for the benefit of one or more other persons (called beneficiaries), property contributed to the trust by its original owner (called the grantor or settlor).

### A Premier Jurisdiction for Trusts

The pioneering Alaska Trust Act passed in 1997 established Alaska as a premier trust and estate jurisdiction. Several states have enacted legislation to compete with Alaska.

“Many of my Alaskan clients have benefited from having a robust trust and estate industry in Alaska; they have been able to keep their assets in Alaska trusts.”

— Beth Chapman,  
Faulkner Barnfield

### Alaska Resident Benefits

Alaskans and non-residents use the state's trust laws to perform financial planning. Residents enjoy the advantages of one of the nation's leading trust laws, access to an expert estate planning professional community, and no state income taxes on trust income without the expense of establishing a trust in another state.



### State Government Revenue

The Trust and Estate industry operates in Alaska at little cost to the State of Alaska or to Alaskans and generates state government revenue through trust registration fees, insurance premium taxes paid on insurance policies held in trusts, and LLC fees. While the full extent of taxes and fees related to trusts is unknown, annual state revenue related to trusts is at least \$500,000.

### By the Numbers

|                |  |
|----------------|--|
| \$100 million+ | Assets held in Alaska banks                |
| \$250 million+ | Assets with Alaska wealth management firms |
| 300            | Direct workers                             |
| 140            | Direct annual average jobs                 |
| \$14.6 million | Direct labor income                        |
| 260            | Total jobs                                 |
| \$21.6 million | Total labor income                         |

### Professional Employment

Establishing and maintaining trusts in Alaska creates high-paying, year-round positions in a variety of professional services.



**Legal professionals** are involved in a range of estate planning activities related to trusts, including preparing legally-binding trust documents, coordination with financial and other professionals, and providing ongoing legal support for resident and non-resident grantors.



**State-chartered trust companies** and banks act as corporate trustees to attract and retain non-resident trust assets to Alaska.



**Investment professionals** in Alaska are often involved in managing trust assets.



**Accounting and tax professionals** prepare federal tax documentation for resident and non-resident trusts.

[Alaska's Trust Industry  
Brochure](#)

# Document Links

# Questions?



Matthew Blattmachr  
*President & CEO*

Peak Trust Company

[mblattmachr@peaktrust.com](mailto:mblattmachr@peaktrust.com)

Abigail O'Connor  
*Chief Fiduciary Officer*

Peak Trust Company

[aoconnor@peaktrust.com](mailto:aoconnor@peaktrust.com)