New example for green zone concerning a testamentary trust

45. A trust established under a will provides that Gwen, the daughter of the deceased, is entitled each year to all of the trust income and to receive the trust corpus once she reaches 30 years of age or, if she dies before attaining the age of 30, to her estate.

46. Gwen is 18 years of age at the time the trust is created.

47. Gwen's entitlement to trust income is not immediately satisfied in full each year. Instead, the trustee pays Gwen a weekly allowance of $500 with the balance of funds representing Gwen's income entitlement retained by the trustee.

48. Gwen uses her allowance to pay her personal living expenses. This includes paying $250 per week to her aunt for food and board.

49. The funds representing so much of Gwen's income entitlement that is retained by the trustee is invested in income-producing assets by the trustee for the future identifiable and direct benefit of Gwen.

50. The arrangement does not have any features that excludes it from the green zone under paragraph 26. We would not dedicate compliance resources to this arrangement as it meets the conditions in the new green zone scenario of this Guideline.