A/B/C TRUST

While both settlors are living, they have absolute control, including the power to amend or revoke the trust.

Revocable Living Trust

First Death

Survivor's Trust
(Survivor's Assets; Revocable)

Exclusion Trust

Bypass trust for the benefit of the surviving settlor (and, optionally, the residuary beneficiaries). Up to "applicable exclusion amount".*
(Estate-tax exempt)

Marital Trust
Predeceased settlor's assets in excess of "applicable exclusion amount".*
(Taxable)

Second Death

*IMPORTANT: The exclusion is $13,990,000 in 2025. See http://estateandtrust.info/advintro.html#ae for earlier years. After 2025, the "applicable exclusion amount" will be $5 million, adjusted for inflation since 2011 unless changed by new legislation.

Residue
To the Trust's ultimate beneficiaries