Katten

FIRM NEWS

Partner Tye Klooster Quoted in *The Wall Street Journal* on Benefits of Carried Interest

February 18, 2014

Tye Klooster, a partner in the Trusts and Estates practice, spoke with *The Wall Street Journal* regarding estate planning for principals in private equity and hedge funds. Typically, fund principals desire to transfer a portion of their carried interest. The tax law contains several provisions which may trip up this planning. To avoid these issues, planners make use of the "vertical slice rule" or they transfer a financial derivative tied to the performance of the carried interest. The key is to transfer the interest at the outset of the fund. As Tye states, "If it explodes in value, you've hit a home run." ("Boom in Trusts Passing Carried Interest to Heirs," February 18, 2014)

CONTACTS

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