1 T.C. 1036 (1943)

Gifts in trust for minors are considered future interests, not eligible for the gift tax exclusion, when the trustee has discretion over distributions and the trust is intended as a supplement to parental support, contingent on the beneficiary's future needs.

Summary

W.W. Fondren and his wife created separate trusts for their seven grandchildren, funded with Humble Oil & Refining Co. stock. The trusts allowed the trustee to use income or corpus for the grandchildren's support, maintenance, and education, but contemplated that other means would suffice, allowing for accumulation. The Tax Court held that these were gifts of future interests, ineligible for the gift tax exclusion under Section 504(b) of the Revenue Act of 1932, because the trustee's discretion and the intent to supplement existing support postponed the beneficiaries' present enjoyment.

Facts

W.W. Fondren and his wife, Ella, established seven irrevocable trusts, one for each of their grandchildren. The trusts were funded with Humble Oil & Refining Co. stock. Each trust instrument allowed the trustee to use the income, and if necessary, the corpus, for the

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