Estate of Steere v. Commissioner, 13 T.C. 53 (1949)

When a settlor retains the power to "alter or amend" a trust, even if the power to revoke is relinquished, the value of the trust assets is includible in the settlor's gross estate for estate tax purposes under Section 811(d) of the Internal Revenue Code.

Summary

The case concerns whether the value of assets held in an inter vivos trust should be included in the decedent's gross estate for estate tax purposes. The decedent created a trust with a power to revoke, alter, or amend the trust terms. Subsequently, he amended the trust, making it irrevocable, but the amendment did not explicitly relinquish his power to alter or amend other provisions of the trust. The Tax Court held that the decedent retained the power to alter or amend the trust, even though he surrendered his power to revoke, and therefore the trust assets were properly included in his gross estate under Section 811(d) of the Internal Revenue Code.

Facts

Thomas E. Steere created a declaration of trust in 1925, transferring three life insurance policies to Rhode Island Hospital Trust Company as trustee. The declaration stipulated that Steere could revoke the trust and repossess the property, or "annul, change or modify in any respect whatsoever any of the trusts or powers hereby created or conferred, or any of the dispositions of income or of principal." In 1937, Steere amended the trust, declaring it "irrevocable." The amendment stated that the terms of the 1925 trust were changed and modified. The original trust was never altered or modified beyond this amendment. Steere died in 1949. His estate tax return did not include the value of the trust assets. The Commissioner asserted a deficiency, claiming the trust assets should be included in the gross estate under Section 811(d) of the Internal Revenue Code because the decedent had the power to "alter or amend" the trust at the time of his death.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in the estate tax. The estate contested this determination in the Tax Court. The Tax Court upheld the Commissioner's determination, concluding that the trust assets should be included in the gross estate. The decedent's estate did not appeal.

Issue(s)

1. Whether the decedent's 1937 amendment, which made the trust irrevocable, extinguished his power to

© 2025 SCOTUSreports.com. All rights reserved.