

## How A Bypass Trust Works

1. The combined estate of husband (H) and wife (W) is \$5M
2. All property is community property, so H owns \$2.5M and W owns \$2.5M
3. At both deaths, the estate tax exemption is \$2M
4. Since Bypass Trust cannot be changed by survivor, Bypass preserves distribution to children of husband's first marriage (or common children in case survivor remarries).

