South Dakota	New Jersey
State Income Tax on Trust Income	
None (constitutional prohibition since 1942)	Up to 10.75%; capital gains taxed as ordinary income
Inheritance Tax	
None; no estate or inheritance tax	Class C: 11–16%; Class D: 15–16%; attaches based on decedent domicile / property situs, not trust situs
Rule Against Perpetuities	
Abolished 1983 – first in the nation. [SDCL § 43-5-8]	Modified RAP; perpetual dynasty trusts not available
DAPT Asset Protection	
Robust DAPT statute. 2-year lookback. Clear & convincing burden. [SDCL § 55-16-10]	No DAPT statute; self-settled trusts available to creditors
Directed Trustees	
Statute since 1997; 68% of SD trust business is directed.	NJ UTC (2016) provides framework; market less developed
Decanting	
Ranked #1 nationally (Oshin). Fully discretionary. [SDCL § 55-2-15]	NJ UTC decanting statute; more restrictive; notice requirements
Quiet Trusts	
Most comprehensive in the nation. [SDCL § 55-2-13]	NJ UTC duty-to-inform; limited waiver; less explicit protections
Privacy	
Permanent, automatic seal. No petition required. [SDCL § 21-22-28]	No automatic seal; must petition under NJ Ct. R.1:38-11
Special Purpose Entities	
Only state with statute permitting trust advisory LLCs. [SDCL § 51A-6A-66]	No codified SPE framework; advisors act in individual capacity
PPLI Premium Tax	
0.8 bps (0.008%) – among the lowest in country. [SDCL § 10-44-2]	2.1% – ~$102,800 excess on $5M policy/yr
Legislative Modernization	
Annual updates via Governor's Task Force	NJ UTC enacted 2016; no annual reform mechanism
Trust Modification	
Comprehensive nonjudicial modification; courts experienced in trust matters	Court petition often required; overburdened Chancery Division

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