





| South Dakota | Pennsylvania |
|---|---|
| **State Income & Capital Gains Tax** | |
| None since 1942. Constitutionally protected. [SD Const. Art. XI, §14] | 3.07% flat income tax; capital gains taxed as ordinary income; may reach PA-resident beneficiaries regardless of trust situs |
| **Rule Against Perpetuities** | |
| Abolished 1983 – first in the nation. [SDCL § 43-5-8] | Abolished 2006 (Act 98). Dynasty trusts permitted, ~24 years less precedent and institutional depth |
| **DAPT Asset Protection** | |
| Robust DAPT statute. 2-year lookback. Clear & convincing burden. [SDCL § 55-16-10] | No DAPT statute. Self-settled trusts provide no creditor protection. 4-year lookback (UVTA) |
| **Directed Trustees** | |
| Statute since 1997; 68% of SD trust business is directed | Directed trust provisions added by Trust Act of 2020. Newer, less developed, limited case law |
| **Decanting** | |
| Ranked #1 nationally (Oshin). Fully discretionary. [SDCL § 55-2-15] | Decanting statute enacted 2020. Must maintain existing distribution standards. [20 Pa.C.S. § 7740] |
| **Quiet Trusts** | |
| Most comprehensive in the nation. [SDCL § 55-2-13] | Trust Act of 2020 added limited waiver provisions; less explicit than SD |
| **Privacy** | |
| Permanent, automatic seal. No petition required. [SDCL § 21-22-28] | No automatic seal. Trust proceedings are public record. Must petition court |
| **Special Purpose Entities** | |
| Only state with statute permitting trust advisory LLCs. [SDCL § 51A-6A-66] | No codified SPE structure. Advisors serve in individual capacity |
| **Flexibility / Legislative Reform** | |
| Annual updates via Governor's Task Force | Trust Act of 2020 was one-time modernization. No annual mechanism |
| **PPLI Premium Tax** | |
| 0.8 bps (0.008%) – among the lowest in country. [SDCL § 10-44-2] | 2% premium tax – ~$97,900 excess on $5M policy/yr |
| **Strength of State** | |
| #1 or #2 fiscal health (PEW/Mercatus). Pension 103% funded. AAA credit | Large unfunded pension liabilities (SERS/PSERS). AAA credit rating but lower fiscal health ranking |

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