

General Steps to Create a Trust

Your attorney, tax advisor, or estate planning professional can guide you through the various tasks associated with each step in creating a trust.

Select an attorney – It is important to identify an attorney with estate planning experience.

Consult your attorney and tax advisor – Your attorney and tax advisor can help you determine what kind of trust meets your needs and your objectives, and the best way to structure your trust to minimize taxes.

Identify assets – Decide which assets you want to place in the trust. Segregate assets you hold personally from those held in joint tenancy. To avoid probate, it is important to transfer as much of your personal assets into the trust as is possible.

Lifetime Management Needs – Decide how you want your assets to be managed during your life considering your current income needs, growth objectives, and risk tolerance.

Specify Beneficiaries and Distribution – Identify the individuals and charities to which the trust is to make distributions after your death and when distributions are to be made.

Select a Trustee – Your trustee will be responsible for the administration of your assets during and after your lifetime. If you select an individual you should also name a successor trustee in the event the original trustee should resign, become incapacitated or meet their demise prior to completing the administration of the trust. Naming Clinton National Bank as the primary or successor trustee assures continuity of the administration of your trust.

Draft your Agreement – Your attorney will draft a document that achieves your objectives and reflects your personal intentions. Provide your trustee and successor trustee with a copy. Typically the document would cover:

- Designation of the trustee and successor trustee.
- Investment powers granted to the trustee.
- Instructions for payment of the income and principal during your lifetime and distribution of assets thereafter.
- Instructions to the trustee to maintain records of income, disbursements, and principal transactions.
- Specify any additional responsibilities or treatment of special assets to be followed by the trustee.
- The terms under which the document may be amended or revoked.

Funding Your Trust – One of the most common mistakes made when establishing a trust is failing to properly fund it. You will need to change the legal title of the assets from your name to that of the trust.

- Convey real estate to be held in the trust to the trustee.
- Change the named beneficiary of insurance policies to the trust.
- Change the legal ownership of bank accounts and CDs.
- Change the legal ownership of mutual funds and brokerage accounts.
- Re-register physical securities you may hold.

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