

# Personal Trust Services

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A trust is a legal relationship in which you, as the grantor or creator of the trust, transfer property to a trustee, such as Clinton National Bank, for the benefit of one or more beneficiaries. Beneficiaries can be your spouse, children, other family members, foundations, charities, or other legal entities.

The trust document, drafted by your attorney, sets forth your desires as to the duration of the trust, the powers and duties to be given the trustee, the time and manner of the distribution of trust income and principal and the rights of the beneficiaries. You give the trustee legal ownership of the trust property for the term of the agreement. The trustee is legally bound to manage, invest, and disburse that property in the manner you describe in the trust document.

Many people are working with their attorneys to establish personal trusts as effective tools for asset management, tax and estate planning purposes, and asset protection. Clinton National Bank can serve as a corporate trustee of your personal trust, providing uninterrupted professional management of your assets. Your property is cared for strictly in accordance with the governing trust document, your wishes as the grantor of the trust, and the needs of the beneficiaries. As a corporate trustee, our authority to act on your behalf can be as broad or as limited as you and your attorney outline in your trust document.

## **WHY ESTABLISH A TRUST?**

Trusts can accomplish an almost unlimited number of asset management, retirement and financial planning objectives. While skilled investment management can help you accumulate assets, a trust relationship can help preserve your assets and ensure that they are distributed as you intend. The reasons for establishing a trust are as many and varied as the people who have trusts: peace of mind; protection; relief from the responsibilities of managing assets; a desire for consistent, ongoing asset management; contingency planning; charitable giving.

Trusts have many uses. A trust can be created for any one or more of the following purposes:

- As a pour over vehicle for your estate assets, designed to hold and manage your property for the benefit of your heirs after your death.
- As a receptacle for life insurance proceeds to be collected upon your death.
- For the professional management of your investments, such as stocks and bonds, real estate, etc. during your lifetime.
- As a means of providing for your child's education or for the care of a handicapped dependent.
- For use in conjunction with your retirement planning.

- As protection against mismanagement or non-management of your assets in the event you become temporarily or permanently unable to manage them yourself.
- As a tax saving device.

## **WHAT A TRUST CAN DO FOR YOU**

Every trust should be tailor-made to the financial needs and goals of the grantor. Trusts come in several varieties. For instance, a trust may be testamentary, created by the grantor under his or her Will; or may be living, created by an agreement during the grantor's lifetime. A living trust may be either a revocable trust (a trust that can be altered, amended, or even revoked at any time with all property returned to the grantor) or an irrevocable trust that cannot be changed.

A trust may be created for any number of beneficiaries, including the grantor, and may provide for just about any method of property distribution that the grantor desires. Grantors typically provide that trust income be paid to one beneficiary for his or her life, with the remaining property to be paid to another beneficiary or beneficiaries when the income beneficiary dies.

## **ROLE OF THE TRUSTEE**

In creating a trust, you are placing your assets, your wishes, and the welfare of your family in the hands of your designated trustee. Choosing the right person or institution to fulfill this important role is imperative. You should first understand the complexities of the role of the trustee.

A trustee is an active, integral part of the trust. When named as a trustee, an individual or institution must assume the following types of responsibilities:

- Exercising discretion in ambiguous circumstances.
- Maintenance and investment of assets.
- Record keeping and accounting.
- Transaction and investment reporting.
- Tax preparation and filings.
- Discretionary and non-discretionary distribution of assets.

Selecting the right trustee is a critical decision. The role of the trustee demands serious, dedicated attention and a neutral perspective. Who can you trust with your family's financial future? Remember, a trustee can be either a person or an institution. The trustee accepts personal responsibility and legal liability for the financial welfare of trust beneficiaries. The job can involve years of effort, coordination with lawyers and accountants, and detailed record keeping. It is important to weigh your options carefully.

Friends or relatives, however well meaning they may be, often lack the investment background and the expertise to oversee a trust. It can be difficult to manage a complex estate without emotional bias. When choosing a trustee, you need to know

that your trustee will be ready to serve when called upon and has the expertise and experience to handle trusts and estates efficiently. If you are naming an individual to serve as your trustee, you should consider carefully the related responsibilities, the prospective trustee's qualifications and willingness to serve, and whether the trust could benefit from the services of a professional trustee such as Clinton National Bank.

## **WHEN YOU'RE READY TO ESTABLISH YOUR TRUST**

The first step in establishing your trust is to draw up the documentation with your attorney. To select Clinton National Bank as your trustee, make sure you tell your attorney that these are your wishes. If you have any questions, or would like Clinton National Bank to review a trust you are creating, please contact us.

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