TYPES OF TRUSTS

Give your estate plan the strong foundation it needs
with help from Raymond James Trust

RAYMOND JAMES *Trust*

Understanding trusts and wills

A vehicle to carry out your legacy

A trust can serve as a highly useful estate planning vehicle, helping you to preserve the wealth you've worked diligently to amass while setting a plan in place to carry out certain elements of your legacy, from giving to your favorite charity to funding a grandchild's education.

A trust is a legal agreement between two parties: the person who creates the trust, also known as the grantor, and the trustee. It is really a set of instructions you give to your trustee to carry out on your behalf for your beneficiaries. Almost any type of asset can be placed in a trust, including cash, stocks, bonds, insurance policies, real estate and collectibles.

While a will allows you to distribute your estate as you choose at your death, trusts can work to your benefit during your lifetime. Furthermore, using a trust instead of a will enables you to bypass the often-lengthy probate process and maintain strict privacy.

A TOOL TO ADDRESS A VARIETY OF NEEDS

There are a number of different kinds of trusts designed to help you accomplish specific estate planning goals, such as:

- Caring for a loved one with special needs
- Ensuring a lasting legacy for your family
- Establishing a fund for your own support
- Protecting your assets from considerable tax liability
- Ensuring your philanthropic goals are met

The wide variety of trusts available makes expert advice essential. Fortunately, with more than 20 years providing comprehensive trust services for individuals and families like yours, Raymond James Trust can help.

Types of trusts

LIVING TRUSTS

A living trust, as the name implies, is a trust that is created during one's lifetime. It offers the assurance of knowing that loved ones are provided for as well as protection to beneficiaries whose judgment and financial acumen are of concern.

Key features

- In the event of your incapacity or death, a successor trustee you choose – either an individual or a corporate trustee like Raymond James Trust – can immediately step in to manage the trust and its assets without court involvement.
- Unlike a will, a living trust avoids probate and does not become a matter of public record.
- It offers protection to beneficiaries who may require guidance.

A LIVING TRUST CAN ALSO BE REVOCABLE OR IRREVOCABLE:

- A revocable living trust allows the grantor to retain total control over it by retaining the power to cancel or change the trust's terms or to terminate it at any time.
- An irrevocable living trust, mostly used to provide tax savings and protect assets, cannot be changed or canceled.

MARITAL TRUSTS

A marital trust is an arrangement that allows a married individual to put some or all property into a trust with the spouse as the beneficiary.

Key features

- It provides professional management of your assets after your death, easing the burden on your surviving spouse.
- You have control of the distribution of your assets should your spouse remarry.

- It is helpful in planning the distribution and protection of assets within a stepfamily should you wish to leave your assets to your biological and adopted children.
- You can arrange to have your assets be used for the benefit of your spouse as long as he or she is alive, then have them distributed as you wish when your spouse passes.
- Assets are not subject to the probate process at the death of your spouse, avoiding costly probate expense.
- If your estate is over the federal exemption for estate taxes, a marital trust can help to make the most of tax exemptions for both you and your spouse.

GENERATION SKIPPING TRUSTS

A generation skipping trust is often the best option when your children are financially comfortable and you want to provide for your grandchildren and great-grandchildren instead of bequeathing all of your assets to your surviving spouse and children.

Key features

- It allows you to lock up your assets in a trust to be transferred to your grandchildren, rather than your children, all the while helping protect significant family wealth from substantial tax liability.
- Maximize the benefit to your descendants by avoiding estate or death taxes at the end of your children's lives, and then again when your grandchildren pass away.
- Your capital assets can be generationally protected, so while your children can be established as the beneficiaries of the trust's income, they do not own the assets and therefore cannot lose them in a legal action.
- Long-term protection of your assets will allow your grandchildren and heirs to reap the benefits of a longer period of appreciation.

Responsibilities of the trustee

The job of the trustee is to carry out your wishes on behalf of your beneficiaries according to the instructions you provide in the trust documents. As you can see below, the responsibilities and liabilities are quite significant and complex, making your choice of trustee an important one.

IMMEDIATE RESPONSIBILITIES

1. Review the trust document and its provisions
2. Inventory trust assets
3. Meet with the attorney who drafted the trust
4. Meet with the grantor and beneficiaries

ONGOING MANAGEMENT OF THE TRUST

5. Ensure trust provisions are followed
6. Invest trust assets
7. Collect income and dividends
8. Maintain records of all transactions
9. Defend the trust against challenges
10. Make discretionary decisions

RECORDKEEPING RESPONSIBILITIES

11. Maintain investment, tax and disbursement records
12. Issue regular statements of account to the grantor and/or beneficiaries

PERIODIC RESPONSIBILITIES

13. Meet with grantor and/or beneficiaries to reevaluate purpose and performance of trust
14. Implement necessary changes

DISBURSEMENT RESPONSIBILITIES

15. Disburse trust income and/or principal to beneficiaries as appropriate
16. Pay bills and expenses of grantor or beneficiaries as appropriate

PERSONAL RESPONSIBILITIES AND LIABILITY

17. Make tax decisions concerning the trust
18. File the trust's income tax return
19. Issue tax reports to beneficiaries

SPECIAL NEEDS TRUSTS

A special needs trust is designed to provide financial security, benefits coordination, and life enrichment for a beneficiary with special needs or a disability. At its core, a special needs trust is designed to preserve a beneficiary's eligibility for certain governmental or private benefits programs while allowing the beneficiary to benefit from trust assets in such a way as to supplement, but not supplant, those benefits. While available governmental or private benefits programs are vitally important, the actual cash, insurance, and supplemental benefits are generally quite limited and may pay only for the most basic needs. Without a special needs trust, the extras that can enrich you or a loved one's life and make it more enjoyable may have to be limited or eliminated.

Key features

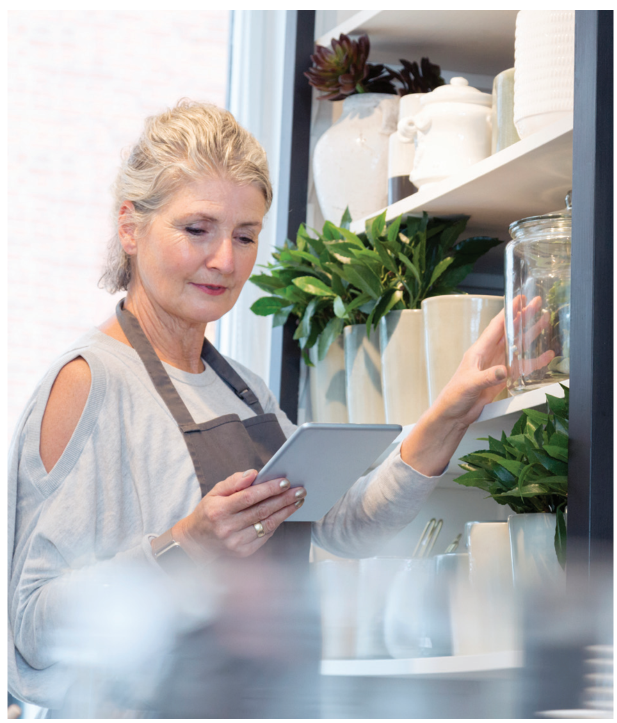
- It can be created and funded by the beneficiary, parent, grandparent, third party, legal guardian or a court.
- Once in place, the beneficiary may not revoke or amend the trust.
- The trust protects assets set aside for the care of yourself or a loved one and ensures those assets are managed according to your wishes and in the best interest of the beneficiary, even after your death.
- The beneficiary will retain access to essential governmental benefits, like Supplemental Security Income (SSI), Medicaid, Supplemental Nutrition Assistance Program (SNAP), Section 8 and various Housing and Urban Development (HUD) housing programs, and more.
- There may be certain tax advantages for the person establishing the trust.

LIFE INSURANCE TRUSTS

A life insurance trust allows the trustee to purchase a life insurance policy on the life of the person who creates the trust, or the grantor, with the trust itself as the beneficiary. After the grantor's death, the trust may use the proceeds from the life insurance policy to make loans to or purchase assets from the estate, thereby providing funds to pay taxes or other expenses owed. The remaining proceeds are then distributed to the beneficiaries, according to your instructions specified in the trust.

Key features

- The trustee must comply with the trust's instructions, and your wishes, whether you choose to provide income to a surviving spouse, fund education for your children or grandchildren, or contribute to a favorite charity.
- A life insurance trust is not considered part of the insured's taxable estate since he or she does not directly own the policy. By transferring ownership of an existing life policy to a trust, estate taxes can be dramatically reduced and possibly eliminated.
- Life insurance proceeds are usually available immediately upon death, so the assets in the estate may not have to be liquidated hurriedly, possibly below fair market value, to pay obligations coming due in the short term.



CHARITABLE TRUSTS

Charitable trusts can help you support the organizations or causes you care most about, create a reliable income stream and pass on wealth to your loved ones in a tax-efficient way.

CHARITABLE REMAINDER TRUSTS (CRTs)

With a charitable remainder trust, you can support a favorite charity and still receive an income stream from the trust for a period of years or for life.

Key features

- This trust has two beneficiaries, an income beneficiary – the person who creates the trust, his or her family or someone else – and the final beneficiary – the charity that receives the remainder of the assets when the trust terminates.
- In addition to the income benefit, this type of trust provides a partial income tax deduction for up to five years after the gift is made; deferred capital gains tax on the sale of the trust assets; and a reduction or even elimination of estate taxes.
- It is irrevocable, and once the assets are transferred to the trust, they are controlled by the trustee.

CHARITABLE LEAD TRUSTS (CLTs)

A charitable lead trust pays an annuity to a charity for a set number of years, then pays the remaining assets to a named beneficiary upon your death.

Key features

- It can be set up while the client is living or can take effect at death.
- Assets from a pension, profit-sharing plan or life insurance can be directed to a CLT and avoid probate.
- There is no limit on the amount that can go to charity, and the more that goes to charity, the higher the gift tax deduction.
- Wealth can be shifted to family members at minimal gift tax cost and with tremendous estate tax savings.
- It is irrevocable, and once the assets are transferred to the trust, they are controlled by the trustee.

CHOOSING THE RIGHT TRUSTEE

Before selecting a person or institution as your trustee, consider these questions carefully to help you decide if they are the right choice for such an important job.

- Do they demonstrate the highest levels of professionalism, knowledge and ethics?
- Will they be able to interact well with heirs and/or other members of your financial team?
- Can they guarantee they are willing and able to dedicate the time and attention needed to fulfill their role and carry out your wishes?

WHY CHOOSE RAYMOND JAMES TRUST?

FIND THE EXPERIENCE, EXPERTISE AND CAPABILITIES YOU NEED TO MOVE FORWARD WITH CONFIDENCE

At Raymond James Trust, we employ a team approach to serving you, drawing upon the knowledge and experience of your financial advisor and our experienced trust staff. Key among the benefits of naming us as trustee is that you and your family won't be dealing with strangers. Your Raymond James financial advisor is an integral part of our team – collaborating with your trust officer to manage the trust assets and providing us with the benefit of experience in working with you and your family.

To us, every client is unique, and every effort is made to create a trust plan customized to their specific needs. Our highly experienced team, which includes attorneys and accountants, will work closely with you and your advisor each step of the way to ensure we deliver the strategy and service that best aligns with your vision and goals.

Raymond James Trust

Raymond James Trust is a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF*), which provides financial services to individuals, corporations and municipalities. Under its federal charter, Raymond James Trust may act as trustee, co-trustee, agent for trustee, personal representative or custodian in a wide variety of trust and estate situations throughout the United States.

LIFE WELL PLANNED.

RAYMOND JAMES® *Trust*

RAYMOND JAMES TRUST

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716

727.567.2300 // 800.248.8863, EXT. 72300 // RAYMONDJAMESTRUST.COM

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