

## QUESTIONS AND ANSWERS ABOUT TRUSTS

**Question: What is a “trust”?**

**Answer:** A trust is real or personal property held by one party for the benefit of another or oneself. A trust can be created for any purpose as long as it is not illegal or does not go against public policy. A trust must have a specific purpose, a designated beneficiary, and specific duties for the trustee as designated by the grantor.

Every trust has the following:

- The person creating the trust, called a grantor, trustor, settlor, or maker.
- The party the grantor names in the trust to care for and manage the trust property, called a trustee. There may be one or several trustees. The trustee may be an individual or a corporation.
- The party for whose benefit the trust was created is called the beneficiary. The beneficiary receives the income from the trust.

The grantor, trustee, and beneficiary may be the same person, but as far as the trust is concerned, they are three separate entities.

There are two types of trusts: 1) a personal trust and 2) a testamentary trust.

### **Personal Trust**

A personal trust is the most common type of trust and is effective during the grantor’s lifetime and may continue after his or her death.

Personal trusts are further divided into either 1) Under Declaration of Trust (U/D/T) meaning the grantor and the trustee are the same person and the grantor controls the trust assets, and 2) Trust Under Agreement (U/A) meaning the grantor and the trustee are different persons and the trustee controls the trust assets.

A personal trust can also be set up by the grantor to be irrevocable or revocable. An irrevocable trust is one that the grantor may not rescind or cancel. A revocable trust is one that the grantor has the option of rescinding or canceling.

### **Testamentary Trust**

A testamentary trust is created under the grantor’s will. The trust does not take effect until the grantor is deceased and a legal representative is appointed through the court.

**Question: What is the “trust instrument”?**

**Answer:** A trust instrument is the document that sets out in writing the authority, duties, and rights of the parties involved. The instrument may also be known as an agreement, indenture, declaration, or deed. In the case of a testamentary trust, for example, the trust instrument is the decedent’s will.

**Question: Can Treasury securities be registered in trust form?**

**Answer:** Yes, the governing regulations allow Treasury securities to reflect a trust registration.

**Question: What is the proper form of trust registration for Treasury securities?**

**Answer:** The governing regulations require that the registration of securities issued to a trust must include the name(s) of the trustee(s) and an adequate identifying reference to the authority governing the trust.

### **Personal Trust**

The registration of a personal trust must include the name(s) of the grantor(s) of the trust, the name(s) of the trustee(s), and the date of the trust instrument (the date the trust was created). There are two basic forms of registration for personal trusts:

- When the trustee and the grantor are the same person, bonds are registered, "Trustee's name" trustee under declaration of trust dated "date of trust instrument." For example, if Jason Brown created a trust on June 6, 2005, naming himself as trustee, the bonds would be registered, using appropriate abbreviations, as follows: "Jason Brown Trustee Under Declaration of Trust Dated June 6, 2005."
- When the trustee and the grantor are not the same person, bonds are registered, "Trustee's name" under agreement with "Grantor's name" dated "date of trust instrument." For example, if Jason Brown created a trust on June 6, 2005, naming Betty Brown as the trustee, the bonds would be registered, using appropriate abbreviations, as follows: "Betty Brown Trustee Under Agreement with Jason Brown Dated June 6, 2005."

### **Testamentary Trust**

The registration of a trust created under the decedent's will must include the name(s) of the grantor(s) of the trust, the name(s) of the trustee(s), show that the trust was created under the will, and that the grantor is deceased. For example " Betty Brown Trustee Under the Will of Jason Brown Deceased."

Variations may be made depending on the particular circumstances of the trust. For example, there may be co-trustees or the trust instrument may be an indenture of trust rather than a declaration of trust. See the Sample Registrations for additional examples. An individual should be designated by the name he/she is ordinarily known by or uses in business, including at least one full given name. The complete name of the trustee and grantor must be shown. For example, bonds must not be registered, "John & Mary Brown Co-Trustees....;" the surname must be shown for each trustee and grantor even if they both have the same surname.

**Question: When more than one trustee is acting, what connective should be used in the registration of Treasury securities?**

**Answer:** When co-trustees are to be named in the registration of Treasury securities, the connective "AND" is normally used to link the names of the co-trustees. All of the trustees are then required to jointly execute any subsequent request affecting the securities. However, if the trust instrument permits each trustee to act independently and without the consent of the other trustee, the connective "OR" may be used in the registration of the securities. When the connective "OR" is shown in the registration, any one trustee may execute a subsequent request without the consent of the other trustee(s). Unless otherwise specifically requested, the connective "AND" is used in the registration of securities.

**Question: Whose Taxpayer Identification Number should be shown in a trust registration?**

**Answer:** The registration of securities for a trust must include the social security number or employer identification number that the grantor normally uses to identify the trust. Depending upon the specific circumstances, this may be the grantor's social security number or an employer identification number assigned to the trust by the Internal Revenue Service. The Trustee should contact the IRS for the proper taxpayer identification number to use to identify the trust.

**Question: Can existing Treasury securities registered in the name of a natural person be reissued or transferred to a trust registration?**

**Answer:** Treasury securities that are currently registered in single owner, co-owner, or beneficiary form and have not reached final maturity may be reissued or transferred to reflect a trust registration. For more information, visit us on the web at <http://www.treasurydirect.gov/>.

**Question: What securities, registered in trust form, can be redeemed at my local bank?**

**Answer:** Accrual type savings bonds that are registered in the name of a trust may be redeemed by the trustee(s) at a local financial institution. A properly certified request for payment is required.

**Question: Where can I get more information?**

**Answer:** Additional information, including downloadable forms and governing regulations, may be obtained by visiting the Fiscal Service's website at <http://www.treasurydirect.gov/>.

**For samples of trust registrations, see the following page.**

## SAMPLE REGISTRATIONS

COMPLETE	ABBREVIATED
12-3456789 Tenth National Bank Trustee Under Agreement with Paul E. White dated 2-1-05	12-3456789 Tenth Natl Bk Tr U/A Paul E. White Dtd 2-1-05
12-3456789 Carl A. Black and Henry B. Green Co-Trustees Under Agreement with Paul E. White dated 2-1-05	12-3456789 Carl A. Black & Henry B. Green Co-Tr U/A Paul E. White Dtd 2-1-05
12-3456789 Carl A. Black and Henry B. Green Co-Trustees Under Agreement with Paul E. White dated 2-1-05 for the benefit of Mary White and Beth White	12-3456789 Carl A. Black & Henry B. Green Co-Tr U/A Paul E. White Dtd 2-1-05 FBO Mary White & Beth White
12-3456789 Paul E. White Trustee Under Agreement with Mary White dated 2-1-05	12-3456789 Paul E. White Tr U/A Mary White Dtd 2-1-05
123-45-6789 Paul E. White Trustee Under Declaration of Trust dated 2-1-05	123-45-6789 Paul E. White Tr U/D/T Dtd 2-1-05
123-45-6789 Paul E. White Trustee Under Declaration of Trust dated 2-1-05 for the benefit of Mary Smith	123-45-6789 Paul E. White Tr U/D/T Dtd 2-1-05 FBO Mary Smith
123-45-6789 Paul E. White and Mary White Co-Trustees Under Declaration of Trust dated 2-1-05 for the benefit of Sally White	123-45-6789 Paul E. White & Mary White Co-Tr U/D/T Dtd 2-1-05 FBO Sally White
123-45-6789 Paul E. White Trustee Under Agreement with Paul E. White and Mary White dated 2-1-05	123-45-6789 Paul E. White Tr U/A Paul E. White & Mary White Dtd 2-1-05
12-3456789 Beloit National Bank Trustee Under Agreement with Paul E. White dated 2-1-05 (Trust No. 1)	12-3456789 Beloit Natl Bk Tr U/A Paul E. White Dtd 2-1-05 (Tr No. 1)
12-3456789 First National Bank and Sally White Successor Co-Trustees Under Agreement with Paul E. White dated 2-1-05 as amended 9-1-05 for the benefit of Mary White	12-3456789 First Natl Bk & Sally White Suc Co-Tr U/A Paul E. White Dtd 2-1-05 FBO Mary White
12-3456789 Paul E. White and Mary White Co-Trustees Under Declaration of Trust dated 2-1-05 White Family Trust	12-3456789 Paul E. White & Mary White Co-Tr U/D/T Dtd 2-1-05 White Family Tr
12-3456789 Thomas White Trustee Under the Will of Robert Smith deceased	12-3456789 Thomas White Tr U/W Robert Smith Decd
12-3456789 Thomas White and Tenth National Bank Co-Trustees Under the Will of Robert Smith deceased	12-3456789 Thomas White & Tenth Natl Bk Co-Tr U/W Robert Smith Decd
12-3456789 Paul E. White, Mary White, Sally Smith, Bob Jones, Tom Black, and Beth Jones Trustees Under the Will of George White deceased	<p><b>Option 1:</b> 12-3456789 Paul E. White, Mary White, Sally Smith, Bob Jones, Tom Black &amp; Beth Jones Tr U/W George White Decd</p> <p><b>Option 2:</b> 12-3456789 Paul E. White, Mary White, Et. Al. Tr U/W George White Decd</p> <p><b>Option 3:</b> 12-3456789 Trustees U/W George White Decd</p>