

SPECIMEN REVOCABLE TRUST AGREEMENT

INTRODUCTION AND PARTIES

THIS AGREEMENT made this _____ day of _____, 20____, by and among _____, residing at _____ hereinafter called the “Grantor”) and _____, a banking institution authorized to do business in the State of _____ (hereinafter called the “Trustee”).

WHEREAS the Grantor has heretofore taken out certain policies of insurance on his/her life which are described in the annexed Schedule A, the possession of which policies is now held, and shall be retained by the Grantor; and

WHEREAS the Grantor has designated or will designate the Trustee as beneficiary of the policies of insurance described in the annexed Schedule A and may hereafter designate the Trustee as beneficiary of additional policies of insurance on his/her life.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1 – POLICIES PAYABLE TO TRUST

The Grantor, from time to time, may cause all or part of the proceeds of another policy or policies of insurance on his/her life to be made payable to the Trustee. Such additional policies shall be subject to all of the terms and conditions of this agreement in the same manner as if they had been included herein at the time of the making and execution hereof. All reference herein to insurance policies shall be deemed to include the policies of insurance described in the annexed Schedule A and any insurance policy or policies, the proceeds of which are hereafter made payable to the Trustee, or may be payable to the Trustee upon the occurrence of certain contingencies.

ARTICLE 2 – OWNERSHIP AND CONTROL OF POLICIES

The Grantor retains, and during his/her lifetime shall have, the sole right to exercise any and all of the rights, benefits, elections, privileges and options of whatsoever kind appertaining to any insurance policies, without first securing the consent of the Trustee. With respect to any insurance policies hereafter made payable to the Trustee and without limiting the generality of the foregoing, the Grantor shall retain, and shall have the right to borrow upon any policy or policies and pledge the same as security for the repayment of loans; to surrender any policy or policies for the cash surrender value or for extended insurance, to assign all or part of any policy or policies; to change the beneficiary thereunder and to make successive changes thereof; to convert any policy or policies into another or other policies; to receive all dividends upon the policies, and to direct the disposition of such dividends; and from time to time, to change such directions; and to collect, and retain free of this Trust, the proceeds of any policy or policies which mature during the Grantor's lifetime.

ARTICLE 3 – NET PROCEEDS OF INSURANCE

It is the intention of the Grantor that this Trust shall be operative only in respect of such insurance proceeds as may be due and payable to the Trustee at the time of the death of the Grantor, or thereafter, after deduction of all charges against any life insurance policy or policies by way of advance, loans, or otherwise. Neither the Trustee nor any beneficiary hereunder shall have any claim against the estate of the Grantor for any amounts of life insurance proceeds made payable to the Trustee which are applied against any indebtedness of the Grantor collaterally secured by any assignment of the Grantor's said life insurance.

ARTICLE 4 – PAYMENT OF PREMIUMS

The Trustee shall have no obligation whatsoever with respect to the payment of premiums, dues, assessments or other charges in connection with any life insurance policies. The Trustee shall be responsible for the proceeds of policies only when, as and if collected, or paid to them, and they shall have no responsibility or liability whatsoever to anyone if for any reason any policy or policies shall be uncollectible in whole or in part.

ARTICLE 5 – COLLECTION OF PROCEEDS

The Trustee shall have, and is hereby given, full power and authority to make all necessary proofs of death under any life insurance policies and to execute and deliver any and all receipts for the proceeds thereof. Except at its own option, the Trustee shall not enter or maintain any litigation to enforce payment of any life insurance policy or policies until it shall have been indemnified to its satisfaction against all expenses and liabilities to which it may, in its judgment, be subject to, or involved in, by such actions on its part. The Trustee, however, may utilize the proceeds of any life insurance policy to meet expenses incurred in connection with enforcing payment of the proceeds of any other policy. The Trustee is authorized to compromise and adjust claims arising out of any insurance policy or policies upon such terms and conditions as it may deem advisable, and the decision of the Trustee in that regard shall be binding and conclusive upon all persons interested therein.

ARTICLE 6 – BENEFICIARY POWERS

The Trustee is authorized and empowered in its sole and absolute discretion, to exercise any and all rights granted to it as beneficiary of said life insurance policies.

ARTICLE 7 --- DISPOSITION OF PROCEEDS

Upon the death of the Grantor, the Trustee shall dispose of the remaining principal of this Trust and any other property or amounts it shall receive as a result of the Grantor's death as follows:

- A. **Exemption Equivalent (By-Pass) Trust.** If the Grantor's Spouse shall survive the Grantor, the Trustee shall set apart IN A SEPARATE TRUST an amount equal to the largest amount, if any, that can pass free of federal estate tax upon Grantor's death by reason of the unified credit against the federal estate tax and the state death tax credit (provided use of this credit does not require an increase in the state death taxes paid) allowable to Grantor's estate, but no other credit, reduced by (i) all other bequests and devises under Grantor's Will and any property passing outside of Grantor's Will included in Grantor's gross estate for federal estate tax purposes for which no marital or charitable deduction is allowed; and (ii) all expenses paid from Grantor's residuary estate and from the principal of the Trust under Article 7 Paragraph B under this Agreement of Trust, that are not deducted in computing the federal estate tax on Grantor's estate.
- 1) The Trustee shall hold such sum during the life of Grantor's Spouse _____, shall invest, keep the same invested and shall pay to or apply to Grantor's Spouse use all of the income therefrom in quarterly or more frequent installments.

- 2) Grantor's Spouse _____, shall have the exclusive power to appoint so much or all of the principal and income of the then Trust fund, including any accrued and undistributed income, to and among such one or more members of a class consisting of the Grantor's issue whenever born, living from time to time, including an appointment outright or in further Trust, whether in equal or unequal shares, or to one or more members of the class to the exclusion of other members of the class. During the life of Grantor's Spouse _____, this power may be exercised by his/her Last Will and Testament which specifically mentions this power of appointment.
 - 3) Upon the death of the Grantor's Spouse _____, the Trustee shall pay, transfer and set over the then Trust fund, including any accrued, undistributed income, to and among any such appointees, but in default of a valid appointment, in whole or in part, the Trustee shall hold, administer and distribute so much or all of the then Trust fund as shall not be so appointed as provided in Article 7 Paragraph C of this Agreement.
 - 4) For the purpose of establishing the sum disposed of by Paragraph A of this Article 7, the values finally fixed in the federal estate tax proceeding for Grantor's estate shall be used. To the extent possible, for the purpose of funding this bequest, assets with respect to which the marital deduction is not allowable in the federal estate tax proceeding for Grantor's estate or with respect to which a credit for foreign death tax is allowable for such purposes shall be allocated to the property passing hereunder. This devise shall be deemed a fixed dollar legacy and shall not participate to increases or decreases in the value of the assets comprising this Trust or Grantor's estate during the period of administration prior to the funding of the Paragraph A Trust.
- B. Marital Deduction Trust.** The Trustee shall continue to hold the balance of the Trust fund in further Trust during the life of Grantor's Spouse _____, and shall receive the income thereof, and shall distribute such income and principal as hereinafter provided.
- 1) The Trustee shall pay the Grantor's Spouse _____, the entire net income of the Trust fund at convenient intervals, but not less than quarterly;
 - 2) In addition to the aforementioned payments of net income to be made to the Grantor's Spouse _____, the Trustee of the Trust fund, at any time or times that it deems it advisable, may pay or apply to or for the benefit of the Grantor's said Spouse, such sum or sums out of the principal of the Trust fund (including the whole thereof), as the Trustee, in its sole and nonreviewable discretion, shall deem advisable to provide for the care, maintenance, and support of the Grantor's said Spouse as well as for any expenses incurred by or for said Spouse because of any illness, operation, infirmity or emergency, or for such other purposes, irrespective of cause or need as the Trustee shall deem to be in the best interest of the Grantor's said Spouse.

3) Upon the death of the Grantor's Spouse _____, the Trustee of the Trust fund shall transfer and set over the remaining principal and undistributed income of the Trust fund to or for the benefit of such person or persons or to his/her estate or to his/her creditors or to the creditors of his/her estate, and in such portions and amounts, and upon such estate, whether in Trust or otherwise, as the Grantor's said Spouse may, by Last Will and Testament, duly admitted to probate, appoint to receive the same; PROVIDED, HOWEVER, that in the Grantor's said Spouse, shall be deemed to have exercised such power of appointment unless specifically referred thereto in said Spouse's Last Will and Testament. If the Grantor's said Spouse shall fail to exercise this general power of appointment, or shall invalidly exercise it, or to the extent that such exercise shall be ineffective, the Trustee shall add any principal not validly or effectively appointed to the principal then remaining of the Trust hereinafter created under Paragraph C of this Article 7 and shall dispose of the same as part thereof.

C. **Upon Death of Survivor of Grantor and Grantor's Spouse.** Upon the death of the Grantor's Spouse _____, if said Spouse shall have survived the Grantor, the then remaining principal and undistributed income of the Trust fund, when the Grantor's Spouse shall have validly appointed in the manner described above, or upon the death of the Grantor, if the Grantor's said Spouse predeceases him/her, the entire Trust fund, as the case may be, shall be paid over and distributed by the Trustee to the Grantor's issue then surviving per stirpes, subject to the provisions of Article 8 herein.

ARTICLE 8 – BENEFICIARY UNDER AGE

If all or any part of any Trust assets would otherwise be payable to a person then under age ____; the Trustee shall hold as a separate Trust the property to which such person is entitled, upon the following terms and conditions:

The Trustee may pay to such person or expend on his/her behalf the whole or any part of any net income or principal at any time held for such person for care, maintenance, support and education (including undergraduate, graduate and post-graduate education), either directly or by making payment or distribution thereof to the guardian or other legal representative, whichever appointed, or to the person acting in loco parents to such person, and shall pay or distribute any balance thereof to such person upon attainment of the age of ____ years. In the event that such person shall die before distribution of all the property held in Trust for such person's benefit, the principal of the such person's Trust shall be distributed to the surviving issue of the Grantor, per stirpes; provided, however, that if such issue is receiving benefits from this Trust, such person's share shall be added to such person's separate share of the Trust and administered as part thereof.

ARTICLE 9 – RULE AGAINST PERPETUITIES

Notwithstanding any other provisions of this Trust Agreement, no Trust created hereunder shall extend beyond the period permitted by law, but shall terminate at the expiration of such period.

ARTICLE 10 – SPENDTHRIFT PROVISION

The interest of any beneficiary under these Trusts, either in income or in principal, or in both, shall not be subject to sale, assignment, pledge or transfer in any manner, and such interest shall not be liable or subject in any manner while in the possession of the Trustee for the debts, contracts, obligations, liabilities, engagements, undertakings or torts of any such beneficiary. No beneficiary shall have the power in any manner to anticipate, charge or encumber his/her interest, either in income or for principal or in both.

ARTICLE 11 – TRUSTEE’S POWERS

In addition to the powers above provided and those given by law, the Trustee (including any Successor Trustee), in the exercise of a reasonable discretion and without any order of court, may:

- A. Retain any property forming part of the Trust assets in the form in which it then exists; acquire by purchase, exchange or otherwise, and retain any kind of realty and personality, including stocks and unsecured obligations, undivided interests, interests in investment Trusts, legal and discretionary common Trust funds and leases, regardless of location without being limited by investments authorized by law for Trust funds; deposit any moneys in one or more savings or other banks in any form of account;
- B. Vote through its employees or agents or by general, limited or discretionary proxy, or give its consent for any purposes in respect of any stocks or other securities constituting assets of said Trust, exercise or sell any rights of subscription or other rights in respect thereof;
- C. Hold two or more Trusts or other funds in one or more consolidated funds, in which the separate Trusts or funds shall be undivided interests;
- D. Sell, exchange, or otherwise dispose of realty and personality, publicly or privately, wholly or partly, on credit or for any consideration, including stocks, bonds, or other corporate obligations, and grant options for the purchase, exchange or other disposition of any such property;

- E. Divide or distribute principal in kind or in money, or partly in each, or by way of undivided interests;
- F. Employ and pay the compensation of accountants, legal counsel and other agents;
- G. Renew, assign, alter, extend, compromise, release with or without consideration, or submit to arbitration, obligations or claims, including taxes, held by or asserted against it or which affect Trust assets;
- H. Hold property in its own name or in the name of the nominees;
- I. Manage, retain, improve, alter, subdivide, dedicate to public use or lease real property or grant easements with respect thereto for periods to begin presently or in the future without regard to statutory restrictions on leasing and even though any such period may extend beyond the term of any Trust established hereunder;
- J. Consent to or participate in any plan for the liquidation, reorganization, consolidation or merger of any corporation, any security of which is held in any Trust established hereunder;
- K. Borrow money for any purpose from any source, including any corporate fiduciary hereunder, and secure the repayment of any amounts so borrowed by mortgage or pledge of any property;
- L. Purchase assets from the estate of the Grantor at fair market value and loan money to said estate;
- M. Apportion income, deductions and credits by taxable and tax-exempt classes among the beneficiaries;
- N. Do all such acts, and exercise all such rights and privileges, although not hereinbefore mentioned, with relation to such property as if they were the absolute owners thereof, and in connection therewith to enter into any covenants or agreements binding any Trust created hereunder as they shall deem advisable;

- O. Select assets for distribution, provided that the Trustee shall have absolute discretion to select property to be allocated or to be distributed without respect to the income tax basis of such property and the Trustee is specifically excused from any duty of impartiality with respect to the income tax basis of such property; provided that the Trustee shall not exercise their discretion in a manner that will result in a loss of, or decrease in, the marital or charitable deduction otherwise allowable in determining the federal estate tax for the Grantor's estate. In making distribution, the Grantor requests (but does not direct) property to be sold to satisfy obligations of the Grantor's estate, or any Trust. If necessary and pursuant to the terms of this Trust agreement, having an aggregate income tax basis as close as possible to its aggregate fair market value and to the extent consistent with this primary objective, do so in a manner which will result in maximizing the increase in basis for federal and state death taxes attributable to appreciation; and
- P. If during the administration of any Trust or Trusts hereunder, the principal assets of such Trusts shall be less than ten thousand dollars (\$10,000), the Grantor directs that such Trust or Trusts shall not be established or shall terminate, as the case may be, and that the assets, which are in or would have been distributed to such Trust or Trusts, be distributed instead to the beneficiaries, who are then or would have been entitled to receive the income from said Trust or Trusts, in the same proportions as they are or would have been entitled to such income, absolutely and free from Trust.

ARTICLE 12 – INCOME AND CORPUS

In the administration of the Trusts established hereunder, all stock dividends and distribution of stock, stock splits, liquidating dividends, proceeds from the sale of rights, and all dividends payable in other than money shall be principal and all cash dividends, ordinary or extraordinary, except liquidating dividends from mutual funds, shall be income.

ARTICLE 13 – LIFE INSURANCE COMPANY NOT PARTY TO AGREEMENT

The Grantor hereby relieves any life insurance company issuing any policies of insurance, which may be deposited with the Trustee hereafter and become subject to this Agreement, from any responsibility to see to the execution and performance of the terms and conditions of this Agreement.

ARTICLE 14 – TRUST REVOCABLE

The Grantor hereby reserves the right and power, at any time and from time to time during his/her lifetime by an instrument in writing (other than his/her Last Will and Testament or Codicil thereto) and served upon the Trustee, to revoke this Trust agreement in whole or in part, or to alter, amend or modify any and all terms or provisions hereof, in any way and to any extent that may seem desirable; provided, however, that without the consent of the Trustee, the Grantor shall have no power to increase the duties or obligations of the Trustee. The Grantor shall serve such instrument upon the said Trustee, either by delivering the same to them in person, or by sending the same by prepaid, registered or certified mail addressed to them at the address hereinabove set forth, or to such other address as the Grantor and the Trustee may mutually agree upon in writing.

ARTICLE 15 – GENDER AND NUMBER

Whenever in this agreement the word “Trustee” or “Trustees” is used, it shall be construed to include the Trustee and its successor and successors in office, and all reference to such Trustee or Trustee shall be construed in the singular or plural, and in such gender as the sense and circumstances require.

ARTICLE 16 – ADOPTED CHILDREN

For all purposes under this instrument, whether for the determination of relationships or otherwise, adopted children, whether of the Grantor or any other person, shall be considered to have, and shall be accorded exactly the same status as natural born children.

ARTICLE 17 – ADDITIONS TO TRUST

The Trustee, at any time, and from time to time, may receive and accept from the Grantor and/or the personal representatives of the Grantor, and/or may receive and accept from any other person or persons, any additions to the Trust fund, in the form of cash, stock, securities, or other property, real, personal or mixed, if such property is acceptable to them.

ARTICLE 18 – CONTRIBUTION TO GRANTOR’S EXECUTORS FOR DEBTS, FUNERAL AND ADMINISTRATION EXPENSES, AND CASH LEGACIES

If the assets of Grantor’s testamentary estate are insufficient for the payment of Grantor’s debts, funeral expenses, the expenses of administering Grantor’s estate, including commissions and counsel fees, and cash legacies under Grantor’s Will, the Trustee is authorized in its sole discretion to pay to the executors of Grantor’s Will out of the entire Trust fund, before setting aside the sum to constitute the Trust created by Paragraph A of Article 7 and the balance of the Trust fund disposed by Paragraph B of Article 7, such amounts as the executors certify are needed to satisfy such deficiency.

In making such payments to the Grantor's executors out of the Trust fund, the Trustee need make no inquiry of any kind with regard to the necessity or propriety of the executors' request, the amount requested or otherwise. The determination by the Trustee as to the amounts so to be paid shall be binding upon all persons having an interest under the Trust. It shall rest entirely in the discretion of the Trustee whether to make any such payment directly to a creditor of the Grantor or any other person or to the Grantor's executors.

ARTICLE 19 – GRANTOR'S ESTATE AND INHERITANCE TAXES

In the event that Grantor's Spouse survives Grantor, the Trustee shall, upon the death of the Grantor, pay out of the principal of the Trust fund created by Paragraph A of Article 7 hereof all inheritance, estate or other death taxes, State and Federal, including interest and penalties, which shall be imposed by reason of the death of the Grantor.

The Trustee shall make such payment or payments on account of such taxes as shall from time to time be requested by the executors of the Grantor's Will either to such executors or to the appropriate taxing authorities and shall pay any balance due on account of such taxes upon the final audit of the tax returns. In the event of overpayment, the amount of such overpayment shall be refunded to the Trust fund created by Paragraph A of Article 7 hereof. To the extent that the Trust created by Paragraph A of Article 7 hereof is insufficient for the payment of such taxes, the amount of such deficiency shall be paid out of the balance of the Trust fund distributable by Paragraph B of Article 7 hereof. The Trustee shall rely upon the written statement of the executors of the Grantor's Will as to the amount of such taxes.

In the event that Grantor's Spouse _____ predeceases Grantor, upon Grantor's death, the Trustee shall pay all of such taxes out of the principal of the Trust to be distributed pursuant to Paragraph C of Article 7 hereof.

ARTICLE 20 – RELIEF FROM BOND

No bond or other security shall be required of the Trustee (whether originally designated herein or appointed a Successor) in any jurisdiction in which they may be called upon to act.

ARTICLE 21 – RESIGNATION OF TRUSTEE

The Corporate Trustee hereunder (whether originally designated herein or appointed a Successor Trustee) shall have the right to resign at any time by giving thirty (30) days' written notice to that effect. Such notice shall be given to the then living adult income beneficiaries of the Trusts established hereunder. In the event of resignation the then living adult income beneficiaries shall have the right within such thirty (30) day period to appoint a Successor Corporate Trustee and shall notify the Trustee of such appointment. Upon such resignation the Trustee shall render an accounting to the then living adult income beneficiaries of the Trusts established hereunder, and the approval of such accounting by the person or persons to whom the same is rendered shall be a complete release and discharge of the Trustee with respect to all matters shown in said account, which release and discharge shall be binding upon all persons then or thereafter having an interest in the Trust. Upon approval of such account, the Trustee shall assign, transfer, pay over and deliver to the Successor Trustee the Trust assets against a receipt by the Successor Trustee. Anything herein contained shall not preclude the Trustee from submitting an account to a court of competent jurisdiction for settlement. Any Successor Trustee hereunder shall possess all powers and authority herein conferred on the original Trustee.

ARTICLE 22 – PERIODIC ACCOUNTING

The Trustee shall render an accounting from time to time and upon termination of any of the Trusts established hereunder, setting forth the receipts and disbursements of principal and income and the assets on hand at the commencement and expiration of the accounting period. The written approval of such accounting by the then living adult income beneficiaries shall be final and binding upon all who are then or may thereafter become entitled to any part of the assets, as to all matters and transactions shown on the account. Anything herein contained shall not preclude the Trustee from submitting an account to a court of competent jurisdiction for settlement.

ARTICLE 23 – SIMULTANEOUS DEATH CLAUSE

If the Grantor and the Grantor's Spouse die under such circumstances that there is not sufficient evidence to determine the order of their deaths, then it shall be presumed that the Grantor's Spouse _____ survived; and the Trust shall be administered in all respects in accordance with such presumption.

ARTICLE 24 – GOVERNING LAW

The Agreement shall be governed by the laws of the State of _____.

ARTICLE 25 – ACCEPTANCE OF TRUST

The Trustee hereby expressly undertakes and accepts the Trusts hereby created and agrees to carry out the provisions of this Agreement. Any Successor Trustee shall qualify by executing an instrument in writing, duly acknowledged, by which it expressly agrees to assume the Trusts and to carry out the provisions hereof.

IN WITNESS WHEREOF, the Grantor insured has hereunto set his/her hand and seal, and the Corporate Trustee has caused these presents to be signed by its proper corporate officers and caused its corporate seal to be hereto affixed, on the day and year first above written.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

WITNESS:

GRANTOR

THE _____ TRUST COMPANY

By _____, its _____

Attest: _____

SCHEDULE A
Schedule of Insurance Policies

| <u>Type of Policy</u> | <u>Face Amount of Policy</u> | <u>Policy Number</u> | <u>Insurance Company</u> |
|-----------------------|------------------------------|----------------------|--------------------------|
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