

# Ten Most-Asked Questions About Trusts



Trust and Wealth Management Group

## 1 Must I have a trust to use your investment services?

Many of our clients choose trust arrangements because of the unique advantages they offer. But no, you're not required to create a trust. If you prefer, you can put us to work on a less formal basis. You may sign appropriate documents designating us to act as your investment agent.

## 2 What are the advantages of a trust?

With a trust you not only can draw on our broad investment capabilities but also arrange to have us perform any number of special services, now or in the future. These personalized services could range from making payments of estimated taxes while you're traveling abroad to providing full personal financial management in the event you suffer an incapacitating illness.

Also, you can name one or more beneficiaries to receive the assets of your trust at your death. These distributions avoid probate. Or, you can have your trust continue beyond your lifetime, serving as a source of continuing income and support for your spouse, a child or others whom you designate.

## 3 Is it difficult to set up a trust?

No. To put us to work as your trustee, you take two steps. You deliver the money and/or securities that you wish to place in trust. And you give us your written instructions in the form of a trust agreement. The agreement, drawn up by your attorney, is signed by you (as creator of the trust) and by us (as trustee). That's all there is to it.

Trusts of this type are often called *living trusts* to distinguish them from *testamentary trusts* (those established under the terms of a will). Living trusts created for the purpose of personal asset management are also known as *revocable* trusts. That's because the person who creates the trust reserves the right to cancel or revoke it.

## 4 If I create a trust, can I keep control?

Certainly. Usually our trust clients keep control in three ways:

First, the trust agreement specifies that they may make withdrawals (or additions) at any time.

Second, as just mentioned, they reserve the right to cancel the trust.

Third, they reserve the right to give us new or different instructions by amending the trust agreement.

## 5 Can I make the investment decisions?

If you wish. Most of our clients look to us for objective, unbiased portfolio supervision because they lack the time or specialized knowledge to do all the necessary investment homework themselves. But you can delegate as much or as little investment responsibility as you want. After all, it's *your* trust.

For example, you might spell out your goals and requirements in some detail, then leave the selection of specific investments to us as trustee.

Or you might start out by asking us to submit each proposed investment change for your approval until you're satisfied that we're interpreting your requirements accurately.

Or you might ask us to submit recommendations while also researching some opportunities on your own.

Or . . . . But by now you have the picture. With a trust, *you* make the rules.

## 6 Is trust service expensive?

No. Our fees are competitive with those charged by investment advisory firms (for services that may not include custodianship of securities, recordkeeping and other conveniences) or by mutual funds.

## 7 How big must a trust fund be?

If you think of millions of dollars when you hear the word "trust," that may be a widespread misconception. Today's trust institutions have developed ways to handle even relatively small trusts efficiently. In any case, we don't think in terms of fixed minimums. Instead we ask ourselves, "Is a trust the best way to meet this person's financial management needs?"

To find out whether a trust would be right for you, schedule an initial consultation with a Summit Community Bank trust officer.

## 8 How much of a return will I get on my money?

That depends on your goals—current income, long-term growth to offset inflation, or some balance of the two—and on ever-changing investment conditions.

Over roughly the past 85 years, diversified portfolios of good-quality stocks have produced a total annual return (dividends plus growth in principal value) averaging around 10%. Bonds have produced somewhat lower returns overall, but they generally have offered a higher level of income than stocks.\*

As trustee our goal is to provide reasonably consistent returns over the years. We emphasize careful asset allocation, the selection of quality investments and constant vigilance.

## 9 Who should be the trustee of my trust?

Look for experience first. Look for someone—or a financial organization, such as us—who has handled every type of market for diverse clients and families. You'll want such experience brought to bear in providing financial security for you and your family.

Your trustee should have financial strength as well as professional investment capabilities. The trustee should participate in the financial markets every day, and trusteeship must be treated as a full-time job.

That describes us perfectly.

## 10 How can I find out more about trusts?

That's easy. Our trust and investment professionals will be glad to assemble further information for you, analyze your investment requirements and answer questions not covered here. Please call on us.

*\*Past performance is no guarantee of future results.*

At Summit Community Bank, we are committed to fostering personal relationships with our clients. Our professional staff has the expertise to provide a personalized solution for you. Our proven investment performance is enhanced by the relationship that we build together. We will listen to your goals, concerns and dreams to create a customized financial plan to benefit you and your loved ones.

We welcome your questions and look forward to working together.

FOR INFORMATION CONTACT:  
SUMMIT TRUST AND WEALTH MANAGEMENT



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