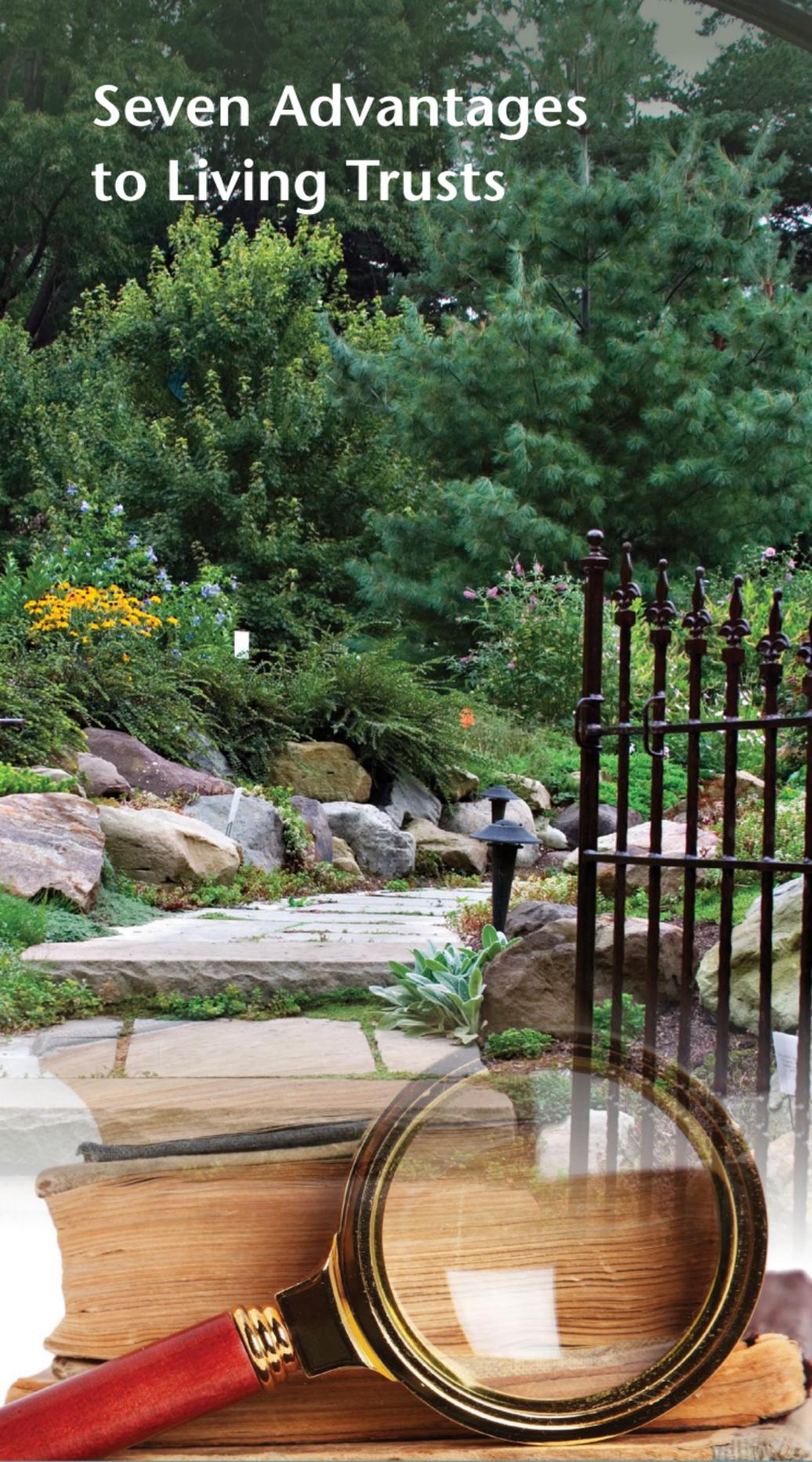


Seven Advantages to Living Trusts



Successful planning is making the most of your money, now and in the future. A living trust is an excellent way to plan successfully.

- With a living trust, you can gain the peace of mind that comes from professional, personalized investment management. At the same time, our services as trustee can free you from many time-consuming chores associated with the care and handling of securities.
- Your trust also can provide an important element of financial protection if ever you become ill or incapacitated.
- And if you wish, your trust can continue beyond your lifetime as a source of income and support for one or more loved ones.

Setting the stage

People used to set up trusts primarily for the benefit of others. Now they more frequently set up trusts for themselves.

These trusts are called *living trusts* to distinguish them from the traditional *testamentary trusts*, the kind that are set up for the benefit of others under the terms of a Last Will and Testament.

There are several key elements to a living trust. First, there is the property that makes up the trust, generally referred to as principal. Living trusts can be funded with securities, other property or money that you have available for investment.

This property is managed and administered by a trustee—Summit Community Bank, we'll assume.

The trustee manages the trust by following the directions that you have established in a trust agreement.

For instance, the trust will direct the trustee as to how and when the income from the trust should be distributed to the income beneficiaries. The trust agreement also will provide direction as to the eventual delivery of the principal of the trust to the trust's remaindermen, at the end of the trust's life.

An example

Let's say that you are establishing a living trust. The trust agreement might tell us to manage the trust investments, to distribute the investment income to you at regular intervals, to invest any new funds you might add to the trust from time to time, and to pay out any sums you might wish to withdraw. If you are married, it's likely that you would name your spouse to succeed you as primary beneficiary if she or he outlives you. At the death of your spouse, you could have the trust terminate, instructing us to divide the trust fund among your children or other beneficiaries. Or you could instruct us to continue the trust for the benefit of young beneficiaries until they reach a financially mature age.

That brief example isn't truly typical, for no single example could be. There are thousands of possible variations. No framework for personal financial planning is more versatile.

Practical advantages

People use living trusts in order to gain a variety of now-and-future advantages. Some may be more important than others in terms of your own financial planning. Let's look at the major ones.

1. Investment management. In this era of rapid, often surprising economic change, the management of personal investment portfolios has become a relentlessly demanding job. Securities take on new, often confusing forms. The inflow of financial news, statistical data and market analyses has reached flood levels. Tax laws keep changing.

With a living trust, you can benefit from our professional, unbiased investment supervision. It's our business. When we develop and maintain an investment program for you, our sole concern as trustee is to meet your requirements and protect your prosperity.

2. Convenience. As your trustee, we're equipped to handle every conceivable chore relating to the care and handling of investments. Trust securities are protected from fire, theft or accidental loss. All details of buying and selling are handled by us. We keep records and submit clear, comprehensive reports to you. We clip coupons, present matured or called bonds for redemption, keep track of conversion deadlines and other key dates, and do everything else that needs doing.

3. Future self-protection. Medical science has made it possible for people to look forward to longer lives but still cannot promise unlimited good health and alertness. With a living trust, you can authorize us to act as your financial alter ego if ever you should become incapacitated. Using this broad authority, we would be able not only to provide full investment management but also to draw on the trust

fund for your benefit: to pay household bills and taxes, for instance, and perhaps to hire a housekeeper or other necessary assistance for you.

4. Freedom to travel. Our ability as trustee to handle financial matters above and beyond the usual requirements of investment supervision also could prove useful to you if you look forward to traveling extensively. People who roam the world can assign us any number of special tasks here at home, ranging from the payment of recurring bills to the preparation of their tax returns.

5. Continuity. As mentioned earlier, a living trust can continue beyond your lifetime for the benefit of others. Not only can a living trust serve the same purposes as a trust you might otherwise establish by will, but it also can do so without the delays associated with probate, thus assuring the beneficiaries you designate of an immediate source of income. By contrast, a trust created by will cannot become fully functional until estate assets have been identified and assembled and various legal and tax requirements have been dealt with.

6. Privacy. A person's will can remain private during his or her lifetime but necessarily becomes a matter of public record when probated. This sometimes leads to unwelcome results. Details concerning how shares in a family business are distributed may prove all too useful to rival enterprises. News that such-and-such a beneficiary is to receive a sizable bequest may make that beneficiary the involuntary target of investment promoters. A living trust is far less likely to attract public attention. The trust is established by private agreement and generally its terms remain confidential, shielding the family from unwanted publicity.

7. *Estate economy.* This is perhaps the best-known advantage of a living trust from an estate planning standpoint: Because the trust need not undergo the proceedings associated with probate, the overall expenses associated with estate settlement are likely to be reduced.

Unified estate management

As you have seen, a living trust can provide continuing financial support for a spouse, children or other survivors, and it can do so more efficiently and privately than equivalent provisions in a will. This does not mean that a living trust eliminates all need for a will. Rather, you can plan a simpler will and coordinate it with the trust.

For example, in your new will you might simply dispose of personal things and perhaps make a few bequests to friends or favorite charities, then direct the representative of your estate to add any remaining assets to your trust, to be managed and distributed as your trust agreement directs.

You also can arrange to have your living trust augmented with other investable funds that become available at your death, such as life insurance proceeds.

The virtue of such arrangements is that they consolidate all available funds under one managerial roof. If your primary beneficiary is your spouse, for instance, he or she will find it far easier to keep an eye on things if he or she need only turn to the Summit Community Bank officer handling your trust.

How to learn more

This introduction to living trusts won't make you an instant expert—but we hope it will help you see why we're so enthusiastic about their financial planning potential. To learn more, you need only call or write us and say, "I want to know what a living trust can do for me." A trust representative will be glad to arrange an appointment at a time and branch that is convenient for you.

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



Summit Community Bank is a Member FDIC. Trust Services may invest in insured deposits or nondeposit investment products. Nondeposit investment products are not insured by the FDIC or any other government agency, are not deposits or other obligation of, or guaranteed by any bank or any affiliate, and are subject to investment risk.