Security Federal
Trust Department

Ask a trust officer:

Living Trusts

DEAR TRUST OFFICER:
My parents are retired, living in another state. They have a sizeable investment portfolio and are financially comfortable. However, as they are getting older, they are having trouble keeping up with their paperwork. Last year they were late in making tax payments, very unlike them. I would help them, but I just live too far away. Is there a service that a bank offers retirees to help in managing their money? Does it cost a lot?
—WORRIED CHILD

DEAR WORRIED

Your parents should look into establishing a living trust.

They would transfer their investment assets into the trust, which then would be managed by a trust department or trust division, such as us. We would remit income to them as needed, file tax returns, and pay bills if they so desired. We could continue to provide this financial service even if one of your parents became incapacitated. The trust could continue to operate through both of their lives, and it would avoid probate at their deaths.

The annual fees for our trust service are determined as a percentage of the size of the trust. We do not earn commissions on sales, and we are not paid for generating transactions. Our fees grow only if the value of the trust grows.

Your Trust Officers,
Suzanne Chilcott & Jon-Myckle Price

Do you have a question concerning wealth management or trusts?

Send your inquiry to Suzanne at suzanne@secfedbank.com or to Jon-Myckle at jmp@secfedbank.com. You can also give us a call at 574-722-6261.

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Trusts for children

Support trust	For an adult child who needs a permanent source of financial support, with the trust principal protected from the claims of creditors, a support trust may provide a solution. The beneficiary's interest is limited to just so much of the income as is needed for his or her support, education and maintenance.
Discretionary trust	The trustee has sole discretion over what to do with the income and principal, just as the grantor does before the trust is created. The beneficiary has no interest in the trust that can be pledged or transferred. When there are multiple beneficiaries, the trustee may weigh the needs of each in deciding how much trust income to distribute or reinvest, when to make principal distributions, and who should receive them. The trust document often will include guidelines on such matters.
Gift-to-minors trust.	For young children, contributions of up to $14,000 per year to this sort of trust will avoid gift taxes. Assets may be used for any purpose, including education funding, and will be counted as the child's assets for financial aid purposes. The assets of a gifts-to-minors trust must be made fully available to the child when he or she reaches age 21. However, the child may be given the option of leaving the assets in further trust.

Source: M.A. Co.

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