

## Personal trusts not just for elderly

**Y**OUNG AMERICANS may need personal trusts even more than people approaching retirement, in the opinion of a Cleveland investment banker.

"A person who is extremely busy might decide to let a trustee — a bank, for instance — handle bookkeeping transactions and make investment decisions," said Theodore Jones, an executive vice president at National City Corp., an Ohio bank holding company.

A personal trust, he said, could be the ideal solution for people who want advice and support in their financial affairs — either to simplify their lives, or for guidance in today's quickly shifting economy. Jones defines a trust as a written agreement or a will that provides for a bank or an individual to manage property for the benefit of another person.

A trust, he said, can be set up so its terms can be amended — or even canceled — if circumstances change. Or, a trust may be established under the terms of a will to provide professional assistance upon death through the use of a corporate trustee.

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AMONG QUESTIONS MOST frequently asked about trusts is: Should a person only create a trust at death? "Not at all," Jones said. "Consider a 30-year-old with an inactive inter vivos (living) trust set up to receive future life insurance payments.

"At any time, he or she can decide to put into it securities, cash, or other assets.

"At that point, it becomes an active trust, and the assigned administrative and investment officers work with the donor to achieve the donor's objectives

which may be income, growth, or a combination."

In some cases, Jones said, a younger person needs a trust even more than an older one to provide for young children. A donor can set up an insurance trust, with group and individual life insurance policies payable to the trustee as the beneficiary. Then upon the donor's death, he said, the trustee would administer the property for the benefit of the surviving spouse and children.

How does a person decide whether to create a trust? "Typically, a person

would go to a lawyer to discuss a will and an estate plan.

"If it's appropriate, the lawyer may suggest a trust — even if the spouse is a good money manager — just to provide investment advice. The protection of the donor's family is always the primary concern, but the saving of taxes is often a factor."

How much does it cost to have a trust? Typical bank fees, which are tax deductible, average one-half of 1 percent per year of the principal value of a trust, Jones said. But since the fee charged is on a declining scale, the percentage would be higher on a smaller estate, and lower on a larger one.

HOW DO YOU choose a financial institution to handle a trust? "Just like you would choose a doctor or a home improvement contractor.

"Check their reputation and track records, and choose one with whom you are comfortable. Usually a lawyer has the best insight, but an accountant or other financial adviser may also offer suggestions."

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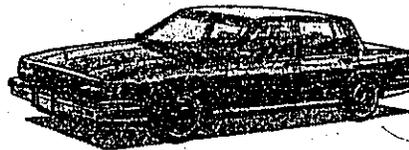
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