

P E R S O N A L T R U S T S E R V I C E S



INSIDE FRONT COVER

# What if?

**What if...**

*you could integrate your successful investment plan into your estate plan?*

**What if...**

*you could safeguard your assets for generations while maximizing your investment choices?*

**What if...**

*you could have one of the most respected trustees in the country combined with the best of the investment industry?*

**What if...**

*you had access to the full depth and breadth of professional trust expertise?*

**What if...**

*you could enjoy all the advantages of a Delaware trust?*

*Now*

**all these "what ifs" can become reality — through the unique partnership between our firm and Wachovia Trust.**

# FLY SHEET

OUR FIRM AND  
WACHOVIA TRUST:

*Two leaders. One trusted advisor.*



**YOU'VE BUILT** a special relationship with your Financial Advisor. It is a relationship founded on expertise, trust, and the industry's highest standards of service. And it has helped you achieve your personal financial goals.

So doesn't it make sense to continue that relationship when pursuing one of life's most important financial goals: ensuring the financial security of your family and establishing your legacy?

Now you can—thanks to a valuable partnership between our firm and Wachovia Trust, one of America's oldest and most respected trust companies.

This partnership allows you to enjoy the best of both worlds: the outstanding investment management capabilities of our firm and the ability to continue working directly with your Financial Advisor. Plus the trust administration expertise of an organization with nearly 200 years of experience.

All delivered in a seamless, consistent style that puts your interests first.

*What better way to plan for the future security of your family?*

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## TEN REASONS TO CHOOSE OUR

*With our firm and Wachovia Trust,  
your personal trust program can benefit from:*

### 1

#### THE LATEST FINANCIAL PLANNING SOLUTIONS.

A strong, professionally produced financial plan is the backbone of any trust program, providing a road map to your long-term objectives. For example, your financial plan will help determine the appropriate type of trust and establish the parameters for funding each component of the trust. In addition, it can help minimize taxes for both you and your beneficiaries.

Through our firm, you and your family will have access to the very latest in financial planning tools and solutions, providing you with an important advantage in pursuing your long-term goals.

### 2

#### TRUSTED ADVICE FROM YOUR FINANCIAL ADVISOR.

Too often, setting up a trust means establishing a new relationship for investment advice. But through us, you will have a single Financial Advisor to oversee your investments—even those within a trust.

*Imagine the advantages.*

Your Financial Advisor understands your complete financial picture and will help you make important trust decisions within that picture.

In addition, your Financial Advisor will have access to all the details of both your regular investment accounts and your related trust investments.

Best of all, your Financial Advisor can be your primary point of contact for all your investing and trust needs. So you'll never face an important financial decision alone.



**F I R M**



### **A FUTURE OF SECURITY.**

You've worked a lifetime to build a secure future for yourself and your family. But what would happen to your hard-earned assets if you should die or become incapacitated?

Without a well-designed estate plan, your assets could be dramatically reduced by taxes, attorney's fees, and court costs. In addition, they could be tied up in the time-consuming probate process.

That's why now is the time to protect your family's future with the help of Wachovia Trust. By serving as your trustee or executor, Wachovia Trust can help you ensure future financial security for yourself and your beneficiaries, while protecting your estate against taxes, fees, and the lengthy probate process.



## THE DELAWARE ADVANTAGE.

Wachovia Bank, N.A. maintains a nationally chartered trust company in the State of Delaware, and is fully authorized to serve as trustee or co-trustee of Delaware situs trusts.

Why is this important? Because a personal trust established in Delaware enjoys special tax advantages and other protections.

For example, Delaware exempts trusts from state income tax on interest, dividends and capital gains, when accumulated in the trust for non-Delaware resident beneficiaries. In addition, Delaware levies no personal property tax on intangibles, no gift tax, and no inheritance tax. These advantages enable you to further grow your assets for the benefit of your family and future generations.

Trustees have a fiduciary responsibility to remain impartial toward all beneficiaries of a trust. This often places them in the middle of an inherent conflict between the current income needs of the trust's income beneficiaries and the growth needs of the principal beneficiaries. Delaware law allows the creation of a Total Return Unitrust so that trustees can balance the needs of both sides. The trustee is able to provide a fixed percentage of current income to address the needs of the trust's income beneficiaries, while investing the principal of the trust for potential long-term capital growth.

Delaware is one of the few states in the nation to allow individuals to create irrevocable trusts for their own benefit while protecting the trust assets from the claims of potential creditors.

The State of Delaware offers the ideal environment for establishing a Dynasty Trust. Having abolished its Rule Against Perpetuities with respect to personal property, Delaware allows you to preserve assets for multiple generations, free from transfer taxes.

And Delaware state law places a premium on confidentiality. The State has a long history of protecting trust beneficiaries' rights of privacy.

Small wonder clients from all over America have turned to Wachovia for Delaware trust solutions. Perhaps you should, too.

# 5

## **EXPERTISE IN EVERY ASPECT OF TRUST ADMINISTRATION.**

With a heritage dating back nearly 200 years, Wachovia Trust has helped generations of Americans find the right solutions for their financial needs.

That tradition continues today. We invest in the systems and solutions that provide our trust clients with the very latest in estate planning capabilities. And our professionals have the experience and expertise to ensure that your trust is administered efficiently and accurately, every step of the way.

# 6

## **EXPERTISE WITH NON-FINANCIAL ASSETS.**

Of course, some of your most valuable assets may include real estate, collectibles, or the assets of a closely-held business. Wachovia Trust has extensive expertise in establishing the value of these special assets for the purposes of your trust and can help you minimize taxes at their eventual disposition.

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## **DIRECT ACCESS.**

With some trust companies, customers are referred to a toll-free number staffed by anonymous customer service representatives. Or they must navigate an impersonal and bureaucratic system whenever they need answers or personalized assistance.

Not at Wachovia Trust. You and your Financial Advisor will work directly with a dedicated trust professional who understands your account and can take immediate action on your behalf. Our staff has the expertise to help you find innovative solutions to special needs, giving you greater flexibility in fulfilling the purpose of your trust.

It's a difference that you and your family will appreciate for years to come.





## FLEXIBLE INVESTMENT MANAGEMENT.

Through our firm, your family can benefit from the very best of the investment industry.

We offer an outstanding variety of investment options. This provides you and your Financial

Advisor the ability to create an investment strategy that is appropriate for the objectives of your trust.

Historically, trusts have favored conservative and risk-averse investment styles. Today's trust beneficiaries understand that there are often greater opportunities for growth using a broader range of investment programs within trusts.

That is why we give you access to a spectrum of investment products offered through our firm, including mutual funds and individual money managers representing every major asset category.

## PROFESSIONALISM IN TRUSTEE SERVICES.

While some people name friends or relatives to manage their trusts, it is generally wise to name a corporate trustee such as Wachovia Trust. Here are some of the advantages:

- **Expertise:** A corporate trustee has the knowledge and experience to manage the many legal and administrative complexities of a trust.
- **Professional Standards:** A corporate trustee is regulated and monitored by government agencies and is held to a much higher standard of conduct than an individual trustee.
- **Impartiality:** A corporate trustee will act impartially in exercising its responsibilities, treating all beneficiaries fairly and equitably according to the terms of the trust.
- **Longevity:** An individual trustee may die, or become incapacitated or incompetent. Corporate trustees have an unlimited life.
- **Better Family Relations:** A corporate trustee can prevent family members from taking sides and causing ill will.

- **Financial Strength:** To ensure safekeeping of the assets, a corporate trustee has the financial strength and resources to make sure the interests of the beneficiaries are protected.
- **Regular Communication:** A corporate trustee provides accurate reporting through periodic statements and ongoing communication via telephone, e-mail, or personal meetings.
- **Commitment:** A corporate trustee generally has more experience and resources to manage your trust than an individual trustee, for more effective overall results.
- **Asset Management:** A corporate trustee can manage all types of assets—including securities, real estate, collectibles, and business assets.
- **Continual Training:** A corporate fiduciary keeps up with the ever-changing laws and regulations affecting your trust—at the Federal, state, and local level.

If you prefer, Wachovia Trust is prepared to serve as co-trustee, providing stability and consistency while assuming the administrative responsibilities for the individual trustee. In addition, all the expertise of Wachovia Trust will be available to the co-trustee.



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## A FULL RANGE OF TRUST CAPABILITIES.

Wachovia Trust is an experienced provider of personal trust services. Our professionals are backed by the knowledge and resources to provide for your family's needs as they grow and change over the years. Some of the most common types of trusts we administer offer a wealth of financial planning benefits.

- **Qualified Terminable Interest Property Trust (QTIP Trust)**—If you are married and have children from a previous marriage, you may wish to consider a Qualified Terminable Interest Property Trust. The QTIP Trust is funded at your death and allows you to continue providing lifetime income for your spouse. In fact, your designated trustee may even have the power to invade the trust's principal for the benefit of your spouse. However, when your spouse passes away, the property remaining in the trust passes to the beneficiaries you have named—who may be the children from your previous marriage.



- **Charitable Remainder Trust**—For those who are interested in philanthropic giving, a Charitable Remainder Trust may be the right solution, particularly if you are holding a portfolio of highly appreciated assets. If you decide to make an irrevocable gift to charity through a Charitable Remainder Trust, you are able to claim a current charitable income tax deduction, subject to certain limitations. And since this is a tax-exempt trust, you are not liable for capital gains tax on the sale of the appreciated assets. You will continue to receive an annual income from the trust. When the trust terminates, usually at your death, the remaining assets in the trust are passed to the charitable organization you have designated.

- **Dynasty Trust**—A Delaware Dynasty Trust is an estate planning strategy that allows you to preserve assets in virtual perpetuity, free from federal estate tax, state income tax and transfer taxes. This type of trust takes advantage of the generation-skipping tax allowable under current law. When a Dynasty Trust is established, the exempted assets are placed in a trust and held by a trustee for your family's benefit. The terms of the trust can be flexible. For example, you could provide incentives for your heirs to accomplish certain goals, such as graduating from college, securing employment, limiting spending patterns and so on. The assets placed in the trust, as well as all future appreciation on those assets, remain free from federal and state transfer taxes to future generations for as long as the assets remain in the trust. This may be an excellent strategy for preserving an asset base for the family until it is needed.



- **Grantor Retained Trust**—  
A Grantor Retained Trust provides another estate planning technique for transferring highly appreciated property (often real estate) to your beneficiaries at a discounted value for gift tax purposes. This irrevocable trust allows you to “retain” the use of the assets for a certain period of time before they are passed on to your beneficiaries, but the value of the assets is removed from your taxable estate. A Grantor Retained Trust might be useful in the case of a highly valued family business, for example.
- **Revocable Living Trust**—By creating a Revocable Living Trust, you retain complete control of your assets during your lifetime, and you have the right to change or

cancel the provisions of the trust at any time. The assets held in the trust are professionally managed, and you are assured that there will be no lapses in financial management if you become physically or mentally incapacitated. When you die, the assets in a Living Trust may not be exposed to public record nor subject to the probate process. Your assets then can be distributed to your heirs more quickly and with less administrative expense.

- **Family Trust**—As you or your parents get older, it often feels as if the world revolves around two things—health and finances. We recognize that these issues are interconnected. A Family Trust provides a unique service that combines experienced financial advice and management with dependable, locally based personal care for clients with whom we enjoy a significant trust or investment management relationship. So you or your parents will have access to our outstanding services for financial management, preservation, and potential growth. And at the same time, you can enjoy the peace of mind of high-quality, customized personal care management services through a provider carefully selected by Wachovia Trust... like providing transportation to medical appointments, arranging in-home acute care, family respite, or just checking in from time to time.

The Trust Glossary at the back of this brochure describes additional types of trusts that may provide financial planning solutions for you and your family.



**FOR YOUR LIFETIME LEGACY, STAY WITH SOMEONE YOU TRUST.**

When it's time to think about securing your family's financial future and establishing your legacy, stay with someone you trust.

Talk with your Financial Advisor today about the full range of financial solutions now available through our unique partnership with Wachovia Trust. And gain the peace of mind that comes from enjoying the best of both worlds.

Our firm does not provide legal or tax advice. Be sure to consult with your own tax and legal advisors before taking any action that would have tax consequences. Any estate plan should be reviewed by an attorney licensed to practice law in your state.

Trust services are offered through Wachovia Bank, N.A., a national banking association (chartered by the Office of the Comptroller of the Currency) and wholly-owned subsidiary of Wachovia Corporation; or through Wachovia Trust, N.A., a wholly-owned subsidiary of Wachovia Bank, N.A.

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## GLOSSARY OF TRUST TYPES

### ASSET PROTECTION TRUST

Irrevocable trust that provides protection of assets from the claims of creditors. The grantor is allowed to serve as investment advisor, receive income, and also receive distributions from principal for reasons related to health, maintenance, education, and support.

### CHARITABLE LEAD TRUST

Irrevocable trust wherein a charity is the income beneficiary for a fixed number of years, and the remainder passes to non-charitable beneficiaries. Assets can be passed to the non-charitable beneficiaries at a reduced gift or estate tax value.

### CHARITABLE REMAINDER TRUST

Irrevocable trust that provides current income to the non-charitable beneficiary(ies), usually the grantor, for life or a term of years; at termination, the assets are distributed to one or more charities. Usually the trust is funded with highly appreciated assets, which are sold to produce income for the beneficiary(ies). No capital gains taxes are paid where the trust is properly established as a tax-exempt trust.

### DELAWARE TRUST

Irrevocable trust designed to take full advantage of the trust laws of the State of Delaware. Specific types of Delaware Trusts include Asset Protection Trust, Directed Trust, and Dynasty Trust.

### DIRECTED TRUST

Delaware Trust where investment decisions are made by either an investment company or an individual designated by the grantor, instead of the trustee. In a Directed Trust, the trustee has no liability with respect to investment decisions.

### DYNASTY TRUST

Delaware Trust designed to avoid estate taxes for the longest possible time allowed for the benefit of future generations. In a Dynasty Trust, a grantor generally uses his/her Unified Credit/Exemption amount and Generation-Skipping Tax (GST) exclusion to fund the trust free of estate, gift, and GST taxes. Typically, the Dynasty Trust is managed and administered to achieve maximum asset growth. Since Delaware has abolished its Rule Against Perpetuities with respect to personal property, the trust allows for the preservation of assets for multiple generations, free from transfer taxes.

### GENERATION-SKIPPING TRUST

Trust designed to hold assets qualifying for the Generation-Skipping Tax (GST) exclusion without incurring a transfer tax. The beneficiary is usually a grandchild.

### GRANTOR RETAINED TRUST

Irrevocable trust that enables the grantor to retain some use of the transferred assets for a limited time period before the assets are passed to the ultimate beneficiary(ies). The value of the assets is discounted for gift tax purposes, depending on the length of time before the assets pass to the named beneficiary(ies). Normally, the longer the period of time until distribution, the lower the value of the gifted property for gift tax purposes. The grantor must survive the term of the trust for the property to be excluded from his/her estate for Federal estate tax purposes.

## **GLOSSARY OF TRUST TYPES, continued**

### **GRANTOR RETAINED ANNUITY TRUST**

Trust where the grantor is paid a fixed dollar amount (annuity) for a stated number of years.

### **GRANTOR RETAINED UNITRUST**

Trust where the grantor is paid a percentage of the value of the assets, valued annually, for a stated number of years.

### **INTER VIVOS (LIVING) TRUST**

Trust established during the grantor's lifetime. Inter vivos trusts may be revocable or irrevocable.

### **IRA ROLLOVER TRUST**

An IRA Rollover Trust allows a person to transfer qualified retirement assets to a new trustee, as well as to defer taxation on distributions from qualified retirement plans. The IRA Rollover Trust is an effective way to avoid the higher income tax burden of a large distribution.

### **IRREVOCABLE LIFE INSURANCE TRUST (ILIT)**

Trust that owns an insurance policy on the grantor's life and removes the value of the death benefit from the grantor's estate. At death, the insurance proceeds are paid to the trust to provide a source of liquidity for estate taxes and other administration expenses. This type of trust is also referred to as a Crummey Trust.

### **IRREVOCABLE TRUST**

Trust that may not be altered or canceled. This type of trust may provide income and/or estate tax benefits. The grantor gives up complete control over the assets and trust decisions.

### **QUALIFIED DOMESTIC TRUST**

Trust designed to delay the payment of Federal estate tax when property passing from the decedent is transferred to a resident non-US-citizen surviving spouse.

### **QUALIFIED TERMINABLE INTEREST PROPERTY (QTIP) MARITAL TRUST**

Trust designed to take advantage of the Estate Tax Marital Deduction while controlling the disposition of the assets at the surviving spouse's death. This type of trust is often used in second marriages to ensure that property passes to the decedent's children from a previous marriage. The surviving spouse is entitled to all income from the trust for life, and if desired, may receive principal at the trustee's discretion.

### **REVOCABLE LIVING TRUST**

Trust where the grantor may retain complete control over the assets and may serve as trustee. Upon the grantor's death, the assets are not included in the grantor's probate estate. However, they are included in the taxable estate and pass to the beneficiaries according to the grantor's dispositive provisions.

## **GLOSSARY OF TRUST TYPES, continued**

### **SPENDTHRIFT TRUST**

Trust with a specific provision (usually called a “spendthrift clause”) that prevents the beneficiary(ies) from assigning their interest, and prevents the creditors of a beneficiary from taking the interest of the beneficiary. This trust is intended to protect beneficiaries who would otherwise spend the trust’s assets too quickly, but it can also help protect a beneficiary from personal injury lawsuits, divorce disputes, catastrophic medical expenses, and other unforeseen debts.

### **SPLIT-INTEREST TRUST**

Trust that has classes of beneficiaries: “current” (or “income”) beneficiaries who receive income generated by the assets, and “future” (or “residual”) beneficiaries who will benefit from or receive the assets at a future date.

### **TESTAMENTARY TRUST**

Trust created by a will.

### **UNIFIED CREDIT TRUST**

Trust established at the death of a spouse to use the decedent’s Unified Credit/Exemption amount for Federal estate tax purposes. Usually, the surviving spouse and/or children are beneficiaries.

## **GLOSSARY OF TRUST TERMS**

### **ANNUAL EXCLUSION**

As of 2005, a donor may gift up to \$11,000 (indexed annually; \$22,000 for a married couple) to each donee each year, free of Federal gift tax, provided the gift is a “present interest.” The donee must be given an immediate ascertainable right to use, possess, or enjoy the property interest.

### **BENEFICIARY(IES)**

Person(s) or organization(s) for whose benefit a trust is created.

### **CRUMMEY POWERS**

A limited, usually noncumulative, power of withdrawal over trust property, which lapses within a stated period of time. This power qualifies a contribution to a trust for the annual gift tax exclusion. In 2002, this provides a means for a grantor to contribute up to \$11,000 for each trust beneficiary each year (twice that amount for a married couple).

### **ESTATE TAX**

A tax imposed on the right to transfer property at death.

### **EXECUTOR**

Individual or corporate fiduciary nominated in a will and appointed by the court having jurisdiction to settle the estate.

### **FAMILY LIMITED PARTNERSHIP**

Substantial assets, possibly having greatly appreciated, may be transferred to a Family Limited Partnership. The donor of the assets becomes the general partner and controls the assets. The donor’s spouse and possibly children become the limited partners and hold the remaining interest in the partnership. This is a useful tool for gifting to family members at a potentially discounted value.

### **FIDUCIARY**

A trustee, executor, administrator, or other person upon whom the law imposes certain responsibilities because of the position of trust afforded to him/her.

### **GENERATION-SKIPPING**

Each person is allowed to transfer a predetermined amount to a generation two or more classes beyond his/her own generation (such as grandchildren or great-grandchildren) without incurring a Generation-Skipping Tax. This dollar amount is indexed for inflation and is \$2,000,000 for the years 2006-2008.

### **GRANTOR**

Individual who creates and funds a trust. Sometimes referred to as the “settlor” or “trustor.”

## **GLOSSARY OF TRUST TERMS, continued**

### **INTESTATE**

Without having made or left a valid will.

### **POWER OF ATTORNEY**

The power a person (the “principal”) may grant to another (the “agent” or “attorney-in-fact”) to act on behalf of the principal, which may include the power to sign deeds, contracts, and checks and the power to make gifts. A “durable” power of attorney is valid even if the principal becomes incapacitated or incompetent, and is often used to avoid guardianship or incompetency proceedings.

### **PRINCIPAL**

The property first received by a trustee or other fiduciary and the capital appreciation of the property, but not the income from the property. Sometimes referred to as “corpus.”

### **PROBATE**

A legal process where it is proven that a document is the valid last will of the decedent. After the will is probated, the court (or other official) issues formal documentation empowering the personal representative, executor, or administrator to take possession of the decedent’s property in order to carry out the terms of the will. “Probate” is sometimes applied to the entire court-supervised process by which that same personal representative is given authority to act on behalf of the estate, and under which he or she assembles the decedent’s assets, pays debts and taxes, and distributes what remains according to the terms of the decedent’s will or under state intestacy laws.

### **PROBATE PROPERTY**

Property owned in a decedent’s own name at death, or the decedent’s half of community property that passes under the terms of his/her will or, if there is no valid will, under the state’s intestacy laws.

### **PRUDENT INVESTOR RULE**

A relatively recent (1990) rule, adopted by statute or judicial decision in some but not all states, that trustees, executors, and other fiduciaries must invest the funds entrusted to them with the same care that a prudent investor would use with his or her own investments. The rule looks to the risk and return of the entire portfolio, rather than of individual investments, and recognizes the validity of modern portfolio theory practices. The advantage of the Prudent Investor Rule over earlier rules governing the investment responsibilities of trustees is that the trustee can delegate some investment decisions to professional investment managers and can have greater flexibility in maintaining a diversified portfolio.

### **SITUS**

The location of a trust, usually considered to be the state in which the grantor was living when the trust was created, or where the trustee is located. The situs of a trust may determine which state has jurisdiction over disputes involving the trust or may supervise the administration of the trust.

## **GLOSSARY OF TRUST TERMS, continued**

### **SUCCESSOR TRUSTEE**

Individual or corporate trustee named to act as trustee upon the death, incapacitation, or resignation of a current trustee.

### **TESTAMENT**

A will. Sometimes referred to as “Last Will and Testament.”

### **TESTATE**

Having left a valid will. (The opposite of testate is “intestate,” meaning without a will.)

### **TESTATOR**

Person who has made a will.

### **TRUST**

A legal relationship whereby one party (the “grantor”) transfers title to property to a second party (the “trustee”) for the benefit of another (the “beneficiary” or “beneficiaries”). Legal title is held by the trustee, who is under a fiduciary duty to use and invest the property for the benefit of the beneficiaries. A trust can be created during lifetime by a written document (called a deed of trust, declaration of trust, or agreement of trust), or at death by a will. The word “trust” is also used to refer to the document creating the trust.

### **TRUSTEE**

Holder of legal title to property for the use or benefit of another.

### **CO-TRUSTEE**

Term used when there is more than one trustee.

### **UNIFIED CREDIT**

Credit against the Federal estate and gift tax that is available to residents of the United States. The credit applies to taxable gifts during lifetime and, to the extent it is not used during lifetime, it reduces the Federal estate tax at death. The Unified Credit Exclusion amount (the amount that can pass free of Federal estate and gift tax, assuming no previous taxable gifts) is \$2,000,000 for the years 2006-2008.

### **UNLIMITED MARITAL DEDUCTION**

Under current law, any amount of property may be transferred to a spouse (if a US citizen) during life and at death, without gift or estate tax consequences. This tool eliminates taxes at the death of the first spouse and postpones the taxes until the death of the surviving spouse.

# FLY SHEET

# BACK FLY SHEET

INSIDE BACK COVER:  
POCKET WITH CARD  
HOLDER



