

THE LEGACY SPECTRUM



Letter To Trustee

MM/DD/YYYY

Name of Trustee

Street Address

City, State ZIP

RE: Trustee Duties

Dear (*Name of Trustee*):

Thank you for agreeing to serve as Trustee of our Irrevocable Life Insurance Trusts (ILITs). You are a great (*friend/sibling*), and we respect and trust your judgment. Know that your commitment is appreciated.

This letter is not meant to be a directive and certainly is not legally binding. We are merely trying to give you a cursory overview of your responsibilities and some insight into how we might handle a situation.

Each trust is funded with a variable life insurance contract – one on my life and the other on both of our lives. The carrier is (*ACME Life*), a highly rated carrier. The cash values are invested in index funds with automatic rebalancing. (*John Doe*), agent, will continue to administer the policies under your direction.

Your primary duties include but are not limited to: administer the ILIT according to the trust document; act solely in the interest and for the benefit of the beneficiaries; control and protect the assets; act impartially; pay premiums on a timely basis; manage the trust assets; send annual Crummey withdrawal notices to the beneficiaries; and keep the beneficiaries reasonably informed.

We have a team of trusted professional advisors with whom we have worked for years. They are appraised of our complete estate plan, helped us to create our Legacy Plan, and know how the various parts work together. It is my hope, barring some compelling reason, that you would continue to use them. They can do virtually all of the administrative work for you. Your primary role is to exercise discretion and be our substitute in exercising sound judgment.

If at any point in time you are unable or unwilling to serve in this capacity, you certainly can resign. The line of trustee succession is: 1. you, 2. (*Successor Trustee Name*), and 3. a corporate trustee. We never want our plan to be a burden or an imposition on you.

We expect our children to work hard, be productive citizens and make their own way in the world. We have seen the detrimental effect too much inherited money too early in life can have on beneficiaries.

In choosing how much and how to leave an inheritance to our children, our primary purpose is to provide a “safety net” so when our children get to their retirement years, they can live comfortably. Having said that, if our children do not have resources of their own for normal expenses of health, education, maintenance and support, you certainly have the discretion to make distributions as you deem necessary. They also may withdraw up to the greater of \$5,000 or 5% of their trust share annually.

(*Spouse's Name*) is a beneficiary of my Irrevocable Trust. While we do not anticipate (*he/she*) will need any money from this trust, if (*he/she*) requests distributions, I would hope you would be liberal in your discretion. We have been married for over 40 years, and I completely trust (*his/her*) judgment.

As each child reaches age 40, they have the opportunity to become their own trustee. They simply need to submit a request to the Power Holder (*Name*) and receive his/her written permission. Unless there is an issue with creditors, predators, alcohol or chemical dependence, etc., we don't anticipate any problem with a child becoming his or her own trustee. At that point, you can resign and your trustee responsibilities will end.

At the time of this writing, all of our children have become responsible adults. Until we both die, there should be little for you to do. In the event we die earlier than anticipated, we don't expect that they will take distributions from this trust before they reach age 40. At that time, they will likely become their own trustees. We will have done all we can to protect them up until that time, and then it will be up to them.

Thank you again for agreeing to serve as our trustee.

Gratefully,

Names of Trust Creators