



American Guaranty & Trust Company

Frequently Asked Questions by Attorneys

1. Who is AG&T?

AG&T is a Delaware based trust company chartered in 1914 specializing in providing personal trust and investment services to clients located nationwide.

2. What makes AG&T different from other corporate trustees?

Unlike traditional banks and trust companies, AG&T is dedicated to working exclusively with and through the client's professional advisors. AG&T does not take retail trust business unless it is referred by an advisor.

3. On what types of trusts does AG&T serve as trustee?

- Charitable Remainder Trusts
- Delaware Asset Protection Trusts
- Revocable Living Trusts to include Marital and Bypass Trusts at death
- Irrevocable Life Insurance Trusts
- Special Needs Trusts
- Rabbi Trusts
- Dynasty Trusts
- Charitable Lead Trusts
- Testamentary Marital and Family Trusts

4. What services does AG&T provide as Trustee?

As a full service corporate trustee AG&T provides the following fiduciary services:

- Full trust statements
- Complete trust accounting
- Management of discretionary disbursements
- Crummey letters for life insurance trusts
- Trust tax return preparation and filing
- Provide tax information to income beneficiaries
- Personal consultation with income beneficiaries and settlors
- Bill paying
- Investment Management (if needed)

5. What types of investments are appropriate for a trust where AG&T is the Trustee?

The appropriate type of investment depends on the type of trust, the amount of assets available, the terms of the trust and the needs of the beneficiaries. Generally, the investments that are used are as follows:

- Mutual Funds
- Individual Stocks and Bonds
- Individually Managed Accounts
- Common Trust Funds
- Life Insurance
- Annuities

6. What types of trust investments are not acceptable to AG&T?

AG&T is not equipped to custody and/or manage certain types of assets which are difficult to value, manage and administer. This includes closely held business interests and commercial, agricultural or industrial real estate as well as personal property such as artwork and collectibles.

AG&T will indirectly hold otherwise unacceptable assets if they are owned by partnerships or LLCs that are in turned partially owned by the trust so long as AG&T has no management responsibility for the partnership or LLC.

AG&T will accept a single family residence if the trust otherwise meets certain size requirements and the residence is going to be disposed of shortly or there are good reasons to hold it in trust.

7. Can someone besides AG&T control the investments in the trust?

The answer to this question depends on the terms of the trust and the governing state law. In Delaware, if the trust itself appoints an investment advisor or authorizes someone to appoint an investment advisor for the trust, that investment advisor will have complete control (with one limited exception in the charitable remainder trust area) and liability for the investments in the trust.

If the trust does not provide for another person besides the trustee to have investment control, AG&T will be legally responsible for the investments and will have to set the investment policy. As a practical matter this will only arise on existing trusts that are transferred to AG&T since you will be able to provide for complete investment flexibility and control in new trust.

8. Does AG&T serve as trustee for qualified plans?

AG&T does not serve as trustee nor provide administration services for qualified plans.

9. What are the advantages of having a trust in Delaware?

Delaware is a very wealth friendly state and its laws are designed to attract trust business from around the country. The most often mentioned benefits are as follows:

- **Asset Protection** - Delaware offers strong protection for trust assets from creditors.
- **No Rule Against Perpetuities** - Delaware Trusts can last indefinitely. This is great for Dynasty Trusts.
- **Little Court Supervision** - No filings requirement means **trusts remain confidential** and the **administration costs are lower**.
- **Investment Flexibility** - Delaware allows for outside investment managers to manage trust assets if the trust document so provides.
- **Tax Savings** - Delaware does not tax income accumulated or distributed to a non-resident beneficiary. Delaware has no intangibles tax, sales tax or inheritance tax on trust assets.

10. How Does AG&T work with attorneys?

AG&T realizes the critical importance of sound legal advice and requires that a prospective trust customer be represented by counsel before we will accept a new trust. AG&T will provide draft trust documents for certain types of trusts as a courtesy. These documents are always prepared under the direction of the client's attorney. We will not accept as trustee a trust drafted by us unless it is reviewed and signed by the client's attorney.

If the attorney prefers to draft his own trust document, that is fine with us so long as we can review the document to make sure it has the proper administrative provisions we need to do our job effectively and with adequate legal protection. We can provide the attorney with appropriate language if requested. We have placed attorney drafting memos on our website which contain the specific language we need included in the trust documents.

11. Will AG&T act as co-trustee?

AG&T will act as co-trustee, but prefers not to unless each co-trustee's powers and obligations are separate and specifically set out in the trust document. In cases where co-trustee's duties are not specifically separated, we charge an additional fee unless the co-trustee delegates administrative authority to AG&T to enable AG&T to handle the day to day operations of the trust without having to consult with the co-trustee.

We have found that a better solution than a co-trustee situation is to name an outside party as "Trust Protector" with specific authority to do things such as replace the trustee or direct the trustee to take certain specified actions.

12. What are AG&T's fees?

Call for a copy of our fee schedule or log on to <http://www.amgtrust.com>

13. How can I contact AG&T?

Call Paul Dorsey – SVP of Trust Marketing at 800-441-7698 ext. 4188.

Visit our web site at www.amgtrust.com

Write to us at: American Guaranty & Trust
Company
P.O. Box 15627
Wilmington, DE 19850