

Let's talk about trusts

Trusts can be a key element in planning for today and for the future. Feeling confident that the proper estate and wealth transfer plans have been put in place can give you peace of mind. Your MassMutual financial advisor can show you how to use trusts to accumulate and protect assets for your financial well being and for the benefit of the people and places you hold most dear.

What is a trust?

A Trust is created by a legal document called a Trust Agreement that enables the Trust to own property for the benefit of a third party. A Trust is a very versatile instrument. You can create it during your lifetime to hold property and assets. After death, your Trust will distribute the assets to beneficiaries, or hold the assets for a set number of years or for one or more lifetimes, and invest the assets. It could then distribute the income generated by the investments to beneficiaries, as dictated by the Trust. To create a Trust, you need three parties:

1. The Trustor or Grantor,
2. The Trustee, and
3. The Beneficiary

What makes a trust different from a Will?

Unlike a Will, a trust does not have to go through probate, a legal process that can take a great deal of time, may have tax implications, and is part of public record. When you have a trust, your assets go to your designated beneficiaries

in a tax-advantaged and confidential manner. In addition, with a trust you can choose to have your assets distributed to your beneficiaries over time. With a Will, assets are usually disbursed as a one-time event.

A trust can also provide asset management, estate planning consultation and tax services, such as investment oversight, financial reporting, asset disbursements and bill payment, which can provide great peace of mind to families as the trust Grantor ages.

Do I have enough money to set up a trust?

Although many trust companies require their clients to have at least \$1 million in assets, at the MassMutual Trust Company we believe the benefits of trusts should be available to a wider audience. Therefore we set our minimum account size at \$500,000. You receive the same integrated and personalized services from a professional trust administration team and a dedicated Trust Officer and Investment Officer, regardless of the account size.

What kinds of trusts are there?

There are different types of trusts to meet a variety of objectives. Trusts are very flexible, and designed to address the personal wishes of the Grantor, or person establishing the trust. You can use trusts as a key element in a comprehensive estate and wealth transfer plan, or to otherwise direct how your legacy will be managed and distributed after your death.

Trusts can be created to accomplish specific goals. For example, if you have a child or grandchild with special needs, you can set up a Special Needs Trust to ensure that he or she is properly cared for during his or her lifetime. If you have philanthropic goals, you can establish a Charitable Remainder Trust and leave some or part of your estate to a favorite charity or institution. There are combinations of trusts to address the needs of multiple families and generations.

My needs are fairly simple. How do I know if a trust is right for me?

Trusts are for people who want to maintain control over how their estate is managed, preserved and distributed. Trusts are for those individuals who want access to professional investment management advice and services, or who are looking for specific expertise. For example, anyone with a Special Needs family member who wants to provide funds for care while continuing to qualify for state and federal aid, or people interested in making and administering gifts to a favorite charity or school can benefit from a trust.

If you have at least \$500,000 in assets, want to consolidate multiple investment accounts, looking for a more tax-advantaged way to manage and transfer your assets, or want more control over the distribution of assets over time, establishing a trust could be a smart financial decision.

Is it a lengthy and time-consuming process to set up a trust?

A streamlined approach to establishing a trust quickly is to partner with MassMutual Trust Company (MMTC) early in the process to work with you and your personal attorney – before the trust document is finalized. Our team of experts will work closely with everyone, offering information and best

practices to help expedite the process. After a trust document is finalized by your attorney, a trust account is established within several days.

What happens if Congress repeals the estate tax? I won't need a trust.

A trust can offer more than tax benefits. It gives you complete control over the accumulation and distribution of your assets. If the trust owns life insurance, you have access to cash values to supplement retirement needs. In addition, you don't need to be concerned about gift taxes associated with the paying of the premiums. A trust can also help you manage your financial affairs and pay your bills if you travel frequently or become incapacitated. This is a much valued service and ensures that your bills are being paid on time and your assets are organized and accounted for. Establishing and funding a trust while you are living can also help streamline the probate process and reduce many of the costs associated with the settlement of your estate.

What if I already have a trust but like the idea of having my wealth management team in one place... can I transfer a trust from another company to MassMutual?

Yes. If you are interested in consolidating investment accounts or need investment management services, you can transfer assets to MMTC into an investment management account. If you currently have personal accounts with investible assets held by another Custodian or Trustee, you can transfer your trust(s) to MMTC. By bringing an existing trust to MassMutual, you can benefit from our expert oversight, extensive wealth management services, customized estate planning solutions, and the advantage of having your wealth management team all in one place.

The MassMutual Trust Company, FSB is a federal savings bank chartered by the Office of Thrift Supervision to provide discretionary and nondiscretionary trust and fiduciary services in all states. The Trust Company does not engage in banking activity (take deposits, make loans, give mortgages, etc.) and does not sell products. Our business activity is limited to providing trust and fiduciary services. The MassMutual Trust Company is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company.

