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# **ESTATE PLANNING PORTFOLIO**

## **FOR**

## **S1 TEST AND S2 TEST**

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This portfolio serves as a recordkeeping system for your estate plan: it contains every document that your successor Trustees and agents will need to follow your instructions. The portfolio is organized as follows:

<b>Introduction</b>	Information about your estate planning portfolio.
<b>Overview</b>	A written summary or diagram of your Revocable Living Trust plan.
<b>Revocable Living Trust</b>	Your Revocable Living Trust, as most recently amended or restated.
<b>Pour-Over Will</b>	Your Pour-Over Will that transfers to your Revocable Living Trust any assets that you do not transfer to it during your life.
<b>Nominations</b>	Names of persons appointed to act on your behalf in various capacities.
<b>Personal Information</b>	The most recent personal and financial information that you have provided to us.
<b>Funding Instructions</b>	Instructions that explain how to transfer your assets to your Revocable Living Trust and how to name your Revocable Living Trust as your beneficiary.
<b>Power of Attorney</b>	A document that authorizes your agent to transfer property to your Revocable Living Trust and manage your financial affairs if you become unable to manage them yourself.
<b>Certification of Trust</b>	A document that you can give to financial institutions and others when they request a copy of your Revocable Living Trust. This keeps the personal and financial information in your Revocable Living Trust private.
<b>Trust Assets</b>	Proof of every asset transfer to your Revocable Living Trust and every designation of your Revocable Living Trust as your beneficiary.

<b>Health Care</b>	Your Authorization for Release of Protected Health Information authorizing release of health information to designated persons. Your Advance Healthcare Directive authorizing your designated agent to make medical decisions for you when you cannot. Your Advance Health Care Directive informs your doctors of your end-of-life medical wishes. An Anatomical Gift Form that gives your consent to the transfer of your organs after death to living persons who need them.
<b>Memorial Instructions</b>	A statement of your personal wishes as to burial or cremation services.
<b>Property Agreements</b>	Agreements that govern the form of ownership of property owned by you and your spouse.
<b>Personal Effects</b>	Your instructions to your Trustee directing the disposition of your personal effects.
<b>Other Documents</b>	Any correspondence or other document related to you or your Revocable Living Trust that would be helpful to your successor Trustee.

## **INTRODUCTION**

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Your estate planning portfolio is a recordkeeping system for your estate plan.

The best way to ensure that your estate avoids probate and minimizes fees and taxes is to keep your portfolio records accurate and current. Maintaining these records will save your family and friends considerable time and expense later on. In addition, you will have peace of mind knowing that your plan will do what you designed it to do---protect you, your family, your beneficiaries, and your estate.

### **Storing Your Originals and Sharing Copies with Others.**

You are responsible for your original documents, thus store them in a safe place (i.e., safe deposit box, home safe, fire bag, etc.). Some clients substitute photocopies for the originals in this portfolio and keep the originals in another safe place. We will also provide you with a digital copy for convenience and as a layer of insurance. We do not normally recommend sharing your full and complete estate plan with others, but you can if you want to, that's your decision. Rather, at minimum, we recommend providing a copy of the following documents:

- 1.** Give a copy of the Certification of Trust to the people you have appointed as your Successor Trustees. Make sure your Successor Trustees know the location of your original documents and how to get access to them.
- 2.** Give a copy of the Designation of Guardianship to the people you have appointed as Guardians.
- 3.** If the Power of Attorney for Finance (POA) is active once you sign the document (meaning your agent has the immediate fiduciary power to manage your finances for your legal benefit), then we recommend providing a copy to your agents. Whenever the power becomes active (at signing or upon your incapacity), make sure your agent signs the Acknowledgment section of your POA.
- 4.** Provide a copy of your Advanced Healthcare Directive and HIPAA Authorization to your healthcare providers.
- 5.** If you have completed your last letter of instructions in the Memorial Section, please ensure that your loved ones are aware of your wishes so they can be implemented immediately upon your passing.
- 6.** If you do store your originals outside this portfolio or share copies with others, please list the location of the originals and the persons who have copies below.

**Location of  
Originals**

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## **People Who Have Copies**

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### **Amendments and Changes to your Revocable Living Trust and other documents.**

Your Trust and supporting documents can be amended and updated at any point during your lifetime, while you still have the legal cognitive ability to understand what you are amending and updating. If you want to make an amendment or change something in your estate plan, please contact our office to do so.

### **Funding Your Trust.**

Funding your trust means that you are placing assets (financial accounts, real estate, business interest, personal tangible property, etc.) that you own properly into your trust. Review the funding memorandum provided in your Estate Planning Portfolio. You will be using your **Certification of Trust** to initiate and complete the funding process, now and in the future, since it contains the necessary information needed to fund your assets into your trust. Provide a copy of the Certification of Trust to all of your financial entities, escrow (for real estate), life insurance, retirement accounts, and other financial accounts. Your interaction with each financial entity will be the same at your end, but financial entities will give you varied responses depending on their internal policies, but they will ultimately direct you on how to complete the funding process with them. There is not one standard regulation or rule that requires standardized funding process for financial entities. Your funding interaction will be as follows:

1. **Client:** We created a revocable living trust and want to fund this account into our trust: either a name change or list the trust as the beneficiary. Here is a copy of the Certification of Trust.
2. **Financial entity response will normally be one of the following:** First, we do not list trusts as a beneficiary, but we can change the name of the account from your personal name to the trust name; second, all we do is list the trust as a beneficiary, we do not do a name change on the account; third, they will provide you an option of either a name change or beneficiary designation; fourth and less common, the entity will state they do not list trusts as beneficiaries, rather the beneficiary has to be a living person that is at least 18 years of age.

Some financial entities will want you to appear in person at a local branch, some will direct you to an online portal, and some will send you documents that you need to sign and mail back to them. As previously indicated, your initial interaction will be the same with all financial entities, but they will respond with what they can do regarding funding according to their own internal policies. There is not one uniform rule.

1. All the assets that you fund into your trust will be managed and controlled by your Successor Trustees for the benefit of your beneficiaries.

**2.** If you have not funded all of your assets into your trust when you pass away, then your Successor Trustee will need to do some additional work and require some level of interaction with probate court, through your Pour-Over Will (Successor Trustees are called Personal Representatives in this document). If the assets are too high in value, special type of assets, or real estate, then your Successor Trustee will need to manage and follow that asset through a full probate action which will take time and money.

**3.** There is no legal timeline by which you need to fund your assets into your trust, but our recommendation is to fund everything within 30 days of establishing your trust at the signing meeting.

**4. Once you have completed the funding process for any asset, place the hard copy proof in your in the Trust Assets section of your portfolio. This will ensure that your Successor Trustee has the most current list of all assets funded into your trust.**

### **Checklist of Important Tasks for Successor Trustee.**

This list is not exhaustive and only represents a quick summary of some of the potential tasks a Successor Trustee should complete within the first two months after your death. Any Successor Trustee that needs assistance or feels overwhelmed, should seek the advice of and hire a trust attorney regarding their duties and obligations immediately. Your trust does provide that your Successor Trustee can hire any professional (trust attorney, financial advisor, CPA/tax consultant, real estate agent, etc.), as needed, to assist them in the fulfillment of their fiduciary obligations owed to you and your beneficiaries. The funds used to hire a professional is paid for by your estate.

#### **Immediately at death:**

1. Review anatomical gift instructions in the Advance Health Care Directive.
2. Review memorial instructions and make funeral arrangement.
3. Contact relatives and close friends.
4. Locate military papers (VA provides certain benefits, including an American flag).
5. Order at minimum 5 Certified Death Certificates (usually ordered at the funeral home).

#### **Shortly after death:**

1. Locate estate planning documents and contact Estate Planning/Trust Attorney for trust administration instructions.
2. Check safe deposit box and home safe for important papers.
3. Notify insurance company or insurance agent.
4. Notify employer.
5. Notify Social Security Administration.
6. Notify all advisors (CPA, financial advisor, etc.).

#### **Within 30 days after death:**

1. File original Pour-Over Will with county clerk.
2. Mail a copy of the Pour-Over Will to named personal representative.
3. Locate (and secure if necessary) all estate assets and check beneficiary designations for

- retirement accounts, pension plan, annuity and life insurance.
4. Make a list of decedent's liabilities (mortgage, credit card, medical bills, etc.) and pay all bills and taxes.
  5. Keep a detailed accounting of all amounts paid and all income received.
  6. Check to make sure insurance of assets is adequate.
  7. Notify all financial institutions of your position as Successor Trustee.
  8. Open new bank account(s) as Successor Trustee.

**Within 60 days after death:**

1. Provide notice to heirs and beneficiaries.
2. Record "Affidavit of Death of Trustee" and file "Change in Ownership Statement-Death of Property Owner" in all counties in which the decedent owned real property.
3. Meet with Estate Planning/Trust Attorney about distribution of property.
4. Meet with CPA about estate tax return, income tax return.
5. Obtain a Taxpayer Identification Number for the Trust.

**Upon Death, Consider Using Qualified Disclaimers:**

Qualified disclaimers are among the most powerful and effective post-mortem tax and estate planning tools. A qualified disclaimer is the written irrevocable and unqualified refusal to accept an interest in property from which no benefits have been accepted, and because of this refusal, the interest passes without any direction by the disclaimant to the decedent's spouse or to a person other than the disclaimant. A disclaimer is most often used when the estate tax exclusion was not fully utilized by the decedent. A qualified disclaimer must be made prior to acceptance of any benefit from the property by the disclaimant. The successor Trustee, particularly a surviving spouse, must review the decedent's estate plan with counsel before accepting the benefits of any property passing from the decedent.

The following are just two of the many potential uses of disclaimers:

surviving spouse disclaims property (separate, joint tenancy, insurance proceeds, or qualified retirement assets) otherwise passing from the deceased spouse to ensure full use of the deceased spouse's exclusion from estate tax; and

successor Trustee disclaims property from the decedent's marital trust to family trust if the surviving spouse is also close to death, thus lowering the overall effective estate tax rate.

## **OVERVIEW**

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This section contains an overview of your estate plan that illustrates the most important provisions of your plan. This overview is not a legally binding document.

## **REVOCABLE LIVING TRUST**

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This section contains a signed original of your Revocable Living Trust. You may choose to replace this original with a copy if you prefer to store the original elsewhere for safekeeping, such as in a safe-deposit box or fire-proof cabinet. If you choose to keep it in a safe-deposit box, make sure you have designated a trusted person as “deputy” or co-owner of the box.

Your Revocable Living Trust is the foundation of your estate plan. It contains your instructions for your own care and the care of your family if you become disabled, as well as for the distribution of your assets upon your death. Your Revocable Living Trust allows you to keep your instructions and financial affairs private and ensures that your instructions are carried out efficiently without unnecessary judicial involvement. But it can only accomplish these objectives if you follow the instructions in this portfolio for transferring assets to your Revocable Living Trust. You can find these instructions under the *Funding Instructions* tab. Once you have transferred assets to your Revocable Living Trust according to these instructions, you should file copies of the transfer documents under the *Trust Assets* tab of your portfolio.

You may amend or revoke your Revocable Living Trust at any time, but you must do so through a written instrument that complies with all the legal requirements for amendment or revocation.

***Please do not attempt to modify or revoke any of your documents, especially your Revocable Living Trust, Will, or any power of attorney, by writing on them or destroying them.*** Your attempt may not be legally effective and may result in confusion and litigation among your prospective heirs. Instead, please call us so that we may assist you.

## **POUR-OVER WILL**

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Since you have only one original Pour-Over Will, you should store the original Pour-Over Will in a very safe place such as a safe, vault, or safe-deposit box. If you choose to keep the original Pour-Over Will in a safe-deposit box, make sure you have designated a trusted person as “deputy” or as co-owner of the box.

Upon your death, your Pour-Over Will leaves any property that was not transferred to your Revocable Living Trust before your death to your Revocable Living Trust. This is why it is often called a Pour-Over Will. The Pour-Over Will functions as a safety net to ensure that the property owned in your individual name rather than in the name of your Revocable Living Trust at the time of your death is ultimately managed by your successor Trustees as provided in your Revocable Living Trust. This is a second best case scenario, though. Your goal is to avoid probate altogether by transferring all of your assets to your Revocable Living Trust during your life. This Pour-Over Will is merely a backup document to ensure that your Revocable Living Trust ultimately controls all your assets.

## **NOMINATIONS**

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This section contains a Confirmation of Names and Fiduciaries that lists the persons appointed to act on your behalf in various fiduciary capacities.

## **PERSONAL INFORMATION**

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Everything in your portfolio will properly control your wishes and your estate; however, this section is for you to add any additional documentation and/or information you may want to provide to your successor trustee, family, friends, or anyone else. In essence, any information that you feel will be helpful for the individuals you leave behind, add it to this section.

## **FUNDING INSTRUCTIONS**

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The instructions in this section tell you how to transfer various types of assets. You must transfer the assets that you currently own and that you acquire in the future to your Revocable Living Trust. This transfer is vitally important.

It is your responsibility to ensure that all of your property is transferred to your Revocable Living Trust.

## **POWER OF ATTORNEY**

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This section contains your Power of Attorney for property management. In this document, you appoint an agent to act for you if you become incapacitated. Your agent is authorized to transfer property to your Revocable Living Trust, to make withdrawals from your retirement assets, or to do anything else that you want your agent to do for you if you become incapacitated.

You should ask the first agent you have appointed if he or she is willing to accept this responsibility for you; if so, be sure he or she has the original or a copy of this document to prove his or her authority to act.

Your Power of Attorney may also contain a nomination of a conservator for you or your estate.

## **CERTIFICATION OF TRUST**

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When you transact business on behalf of your Revocable Living Trust, you will sometimes be asked to produce a copy of your Revocable Living Trust document. Financial institutions and others who deal with you will want proof that your Revocable Living Trust exists, that they are dealing with the true Trustee, and that your Revocable Living Trust gives your Trustee the power to do what your Trustee proposes to do.

If your Revocable Living Trust includes personal or financial information that you want to keep private, most financial institutions will allow you to substitute a Certification of Trust. The Certification of Trust may include copies of key pages of your Revocable Living Trust as attachments. Normally, these pages will confirm:

- the identity of the current and successor Trustees of your Revocable Living Trust;
- the authority and powers that the Revocable Living Trust grants to the Trustees;
- and
- the signatures required by the Revocable Living Trust.

## TRUST ASSETS

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This section contains the documents that prove that your assets have been transferred to your Revocable Living Trust in accordance with the instructions contained under the *Funding Instructions* tab. When the funding of your Revocable Living Trust is complete, this section should contain a document for each asset you owned, proving that the Revocable Living Trust now holds title to that asset or that the Revocable Living Trust is named as the beneficiary.

## **HEALTH CARE**

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This section contains documents that relate to medical care. As with the other original documents contained in this portfolio, you may choose to replace these originals with copies if you prefer to store the originals elsewhere.

Your Authorization for Release of Protected Health Information is a document required by the Health Insurance Portability and Accountability Act (HIPAA). This document allows the identified persons to obtain protected health information on your behalf in order to make informed decisions about your care and to pay your medical bills.

Your Advance Healthcare Directive authorizes your agent to make medical decisions for you if you cannot express your wishes or make the decisions yourself. In addition, your Advance Healthcare Directive authorizes your agent to obtain copies of your medical records. You may revoke your Advance Healthcare Directive at any time by informing your agent, in writing, that you are revoking the appointment. You should also send a copy of the written revocation to anyone who has a copy of the original Advance Healthcare Directive.

Your Advance Health Care Directive informs your doctors that you do not want extraordinary medical measures taken, especially those that would cause you pain or discomfort, if those measures would only prolong the dying process. Anyone can deliver this document to your doctors if your agent under your Advance Healthcare Directive is unavailable to make health care decisions for you.

This portion of your portfolio may also include an Anatomical Gift Form that gives your consent to the transfer of your organs after death to living persons who need them, or to research.

## **MEMORIAL INSTRUCTIONS**

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During a period of your incapacity or in the event of your death, your loved ones are often not able to think clearly. Some decisions must be made within hours of death. Any help you can provide will be most appreciated. This section allows you to provide important information to your family and loved ones.

You may want to include your burial or cremation wishes and a description of the kind of memorial service you would like. You may also want to express your feelings about the general amounts that should be spent for these remembrances. Or you may have made pre-arrangements that should be described.

You may want to do this by completing the accompanying forms, or you may want to leave a personal *memorial letter*. In either event, you should consider including the following information: religious affiliations, pre-purchased plans, desire for private service or service for friends and relatives, pall bearers, viewing wishes (open or closed casket), scripture readings, music selections, etc.

If you change your mind about your memorial wishes after you fill this form out, remove the form and destroy it, and execute a new one.

## Funeral Arrangements for S1 Test

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Religious memberships and beliefs are as follows:

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I desire that services be: \_\_\_\_ for friends and relatives, or \_\_\_\_ private.

Description of any pre-purchased plans or description of wishes: \_\_\_\_\_

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Clergy: \_\_\_\_\_

Pallbearers: \_\_\_\_\_

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Scripture selections: \_\_\_\_\_

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Music selections: \_\_\_\_\_

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Other readings: \_\_\_\_\_

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Viewing wishes (open or closed casket) \_\_\_\_\_

I have made the following arrangements for anatomical gifts:

1.     Driver's License Designation: \_\_\_\_\_.  
2.     Other: \_\_\_\_\_

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## Funeral Arrangements for S2 Test

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Religious memberships and beliefs are as follows:

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I desire that services be: \_\_\_\_\_ for friends and relatives, or \_\_\_\_\_ private.

Description of pre-purchased plans or description of wishes: \_\_\_\_\_

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Clergy: \_\_\_\_\_

Pallbearers: \_\_\_\_\_

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Scripture selections: \_\_\_\_\_

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Music selections: \_\_\_\_\_

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Other readings: \_\_\_\_\_

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Viewing wishes (open or closed casket) \_\_\_\_\_

I have made the following arrangements for anatomical gifts:

1. Driver's License Designation: \_\_\_\_\_.
2. Other: \_\_\_\_\_

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## **PROPERTY AGREEMENTS**

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This section contains originals of property agreements that you have entered into with each person with whom you co-own property. Each agreement sets forth how each of you own your portion of the property. You may replace these original documents with copies if you prefer to remove the originals for safekeeping.

## **PERSONAL EFFECTS**

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Your Revocable Living Trust directs that your personal effects be distributed according to your wishes if you have made your wishes known in writing during your life. This section contains an original form on which you can record written instructions directing the distribution of your personal effects. If you prefer to remove the original for safekeeping, you may replace it with a copy.

If you change your mind about a distribution of personal property after you fill out this form, you may revoke the distribution by signing and entering the date of your signature where indicated or you may remove the form and execute a new one.

You should sign and date each form you prepare as well as any revocation of a distribution.

## **OTHER DOCUMENTS**

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In this section, you should include any letters that you receive concerning your assets or that you write to others, as well as any other documents that may be useful to your successor Trustee and agent during your incapacity or after your death.

During periods of incapacity or upon death, the people you choose must make many decisions on your behalf while they are grieving and unable to think clearly. You may wish to include a letter to them advising them how you would like matters handled. Your letter will not be legally binding on them, but it will help them interpret your Revocable Living Trust and other documents if they have any questions about your intent.

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# **Confirmation of Names and Fiduciaries for the S1 Test and S2 Test Living Trust**

## **Client Information**

**Grantor Name:** S1 Test

**Grantor Name:** S2 Test

**Address:** \_\_\_\_\_

Client state] \_\_\_\_\_, [UNANSWERED: MC

## **Trust Information**

**Name of Trust:** S1 Test and S2 Test Living Trust, dated  
\_\_\_\_\_ , 20\_\_\_\_

**Initial Trustee:**

**Successor Trustees:**

**Upon Incapacity or Death:**

The non-incapacitated or surviving spouse will serve as sole Trustee. If he or she is unable to serve or to continue to serve for any reason, then the following will serve as successor Trustee, in the order named:

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## **S1 TEST AND S2 TEST LIVING TRUST INFORMATION PAGE**

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NAME OF THE TRUST:

The S1 Test and S2 Test Living Trust

DATE ESTABLISHED:

\_\_\_\_\_, 20\_\_\_\_

NAME OF TRUSTEE:

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FOR TRUST BUSINESS, ALWAYS SIGN NAME:

, Trustee of the S1 Test and S2 Test Living Trust

TITLE TO ALL ASSETS IN THIS TRUST IS VESTED IN THE NAME OF:

, Trustee of the S1 Test and S2 Test Living Trust  
dated \_\_\_\_\_, 20\_\_\_\_, and any  
amendments thereto

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**ASSETS MAY BE TRANSFERRED TO OR REMOVED FROM THIS  
TRUST AT ANY TIME**

**ALL INCOME OR LOSS FROM TRUST ASSETS SHOULD BE  
REPORTED ON GRANTORS' INDIVIDUAL FEDERAL AND STATE  
INCOME TAX RETURNS**

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**DO NOT WRITE ON YOUR TRUST INSTRUMENT,  
CHANGE IT, OR REVOKE IT WITHOUT  
ADVICE FROM YOUR ATTORNEY**

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# **Summary of the S1 Test and S2 Test Living Trust**

This article-by-article explanation is a brief summary of the provisions of your trust agreement. It is not a legal document. You should read the actual trust agreement carefully. In the event of a conflict, the terms of the actual trust agreement control.

## **Article One Establishing Our Trust**

Article One creates your trust and identifies as the initial Trustee.

The name of your trust is the **S1 Test and S2 Test Living Trust dated \_\_\_\_\_, 20\_\_\_\_**.

A more formal name for your trust is “**Trustee of the S1 Test and S2 Test Living Trust dated \_\_\_\_\_, 20\_\_\_\_, and any amendments thereto.**” But for purposes of transferring property to your trust or to identify your trust in any beneficiary or pay-on-death designation, any description permitted by law referring to your trust will be effective. A description may refer either to the name of your trust or to the name of at least one Trustee, with an indication that the Trustee holds the property as Trustee.

This Article also contains language allowing you or a Trustee to prove the existence of your trust through use of a Certification of Trust. This provision protects the privacy of your trust, by allowing third parties to rely on the Certification of Trust, rather than needing a copy of the whole trust agreement.

To ensure that your trust is valid, the trust is initially funded with the assets listed on the schedules attached to your trust agreement.

Whenever both of you are serving as Trustee, either or both of you may act for and conduct business on behalf of your trust without the consent of any other Trustee.

Because you retain the right to amend and revoke your trust, the trust is classified as a *Grantor Trust* under the Internal Revenue Code. For this reason, you will be treated as the owner of all the assets held in your trust as though you owned them in your own name. While your trust is a Grantor Trust, the taxpayer identification number of your trust will be either S1 Test's or S2 Test's Social Security number.

## **Article Two**

### **Family Information**

Article Two contains information about family members or other persons important to you.

You have no children.

## **Article Three**

### **Trustee Succession and Trust Protector Provisions**

Article Three contains provisions for the removal and replacement of Trustees, referred to as Trustee Succession. Trustee Succession provisions are a very personal and important issue. After all, your Trustee must carry out your instructions. You should review the provisions of this Article frequently, to make sure they are consistent with your current wishes.

Article Three also lists the Trustees to serve for the other trusts created upon your death.

Article Three also describes how Trustee vacancies are to be filled in the event there is no successor Trustee named in the agreement.

While you are alive, you have the right to remove and replace Trustees as you choose.

If one of you is incapacitated, the other may serve as sole Trustee. If the other of you is unable to serve for any reason, then will serve as successor Trustee.

If either of you is incapacitated, the other may remove any Trustee. If both of you are incapacitated, a Trustee may be removed only for cause, which must be approved by a court of competent jurisdiction.

All appointments, removals, and revocations must be completed by signed written instrument.

When the first of you dies, the survivor may serve as sole Trustee of all trusts. If the survivor is unable to serve, then will serve as successor Trustee.

After one of you dies, the survivor may remove any Trustee for any reason.

If a beneficiary is a minor or incapacitated, the legal representative of such beneficiary may act on behalf of such beneficiary.

Any individual Trustee may appoint a Co-Trustee. An individual Trustee may want to appoint a Co-Trustee if the responsibilities of serving as Trustee are too burdensome.

If there is a need for an Independent Trustee for any specific purpose, a provision is included allowing a Trustee to appoint an Independent Special Trustee for that purpose.

Article Three also includes provisions for the appointment of a Trust Protector.

The Trust Protector is specifically empowered to correct any errors or ambiguities found in the trust agreement and to respond to changes in the law that affect any trusts created under the agreement.

## **Article Four**

### **Administration of Our Trust During a Grantor's Incapacity**

Article Four contains the instructions on how your Trustee is to manage your trust during any period of time you are incapacitated. This Article ensures that your Trustee has the discretion and authority to manage your affairs the way you want them managed.

You are deemed incapacitated if two licensed physicians give the medical opinion that you are unable to effectively manage your property or financial affairs, whether as a result of age, illness, use of prescription medications, drugs, or other substances, or any other medical cause; or a court has declared you to be disabled, incompetent, or legally incapacitated; or you cannot effectively manage your property or financial affairs due to your unexplained disappearance or absence for more than 30 days, or whenever you are detained under duress.

Your Trustee must make distributions for the benefit of the incapacitated Grantor under the circumstances existing at the time the Trustee makes each distribution.

The Trustee may make distributions for the other Grantor's health, education, maintenance, or support. In making distributions, the Trustee must consider your needs first, and only then the needs of the other Grantor.

## **Article Five**

### **Administration of Our Trust Upon the Death of a Grantor**

Upon the death of the first of you to die, all of the survivor's trust property shall be allocated to the Survivor's Trust to be held and administered under the provisions of Article Eight. The trust becomes irrevocable as it pertains to the deceased's trust property and may have its own Tax ID number. Article Five contains the instructions for the payment of debts, administrative expenses, and taxes. This procedure is commonly referred to as trust

administration and the deceased's trust property is sometimes referred to as an *Administrative Trust* during this period. For convenience however, your trust will continue to be referred to as the S1 Test and S2 Test Living Trust.

Because of the possibility of a probate estate to handle assets not owned by your trust at the time of your death, Article Five contains provisions for the coordination of your probate estate administration and the administration of your trust.

## **Article Six Disposition of Tangible Personal Property**

Article Six includes provisions for you to use a written memorandum to provide for the distribution of tangible personal property. If you decide to use a written memorandum for this purpose it must be signed and dated by you. It should list the items of tangible personal property designating who is to receive such property. Your Estate Planning Portfolio includes a form for you to use to create such a written memorandum.

Should you leave multiple written memoranda, the last dated memorandum shall control any items that are in conflict. If the memorandum with the most recent date conflicts with a provision of this instrument as to the specific distribution of any item of tangible personal property, the provisions of this instrument will control as to those items that are in conflict.

If the writing is not legally binding, you specifically request that your Trustee follows your wishes and distribute your tangible personal property in accordance with such memorandum.

You have instructed your Trustee to distribute any tangible personal property not disposed of by a written memorandum to the survivor. If both of you are deceased, the property will be distributed under the remaining terms of your trust.

The deceased's remaining property will be administered under the provisions of the following Articles.

## **Article Seven Creating Trust Shares upon the Death of a Grantor**

If the survivor determines it would be advisable for estate tax purposes, the survivor may disclaim any property otherwise passing to the Survivor's Trust. If the survivor disclaims any portion of the property that would otherwise be allocated to the Survivor's Trust, your Trustee is directed to allocate the disclaimed property to the Non-Marital Share and to administer the disclaimed property as provided in Article Nine.

Upon the death of the first of you to die, your Trustee will allocate all of the deceased's remaining trust property to the Survivor's Trust and administer the Survivor's Trust as provided in Article Eight.

This technique allows you and your advisors to wait until after the first of you dies to determine what portion, if any, of the remaining trust property should be allocated to the Non-Marital Share.

## **Article Eight** **The Survivor's Trust**

The survivor will be the Trustee of the Survivor's Trust. The survivor may designate Co-Trustees or successor Trustees.

The survivor also has the absolute right to amend, restate, or revoke the Survivor's Trust's terms, in whole or in part, for any purpose.

If the Survivor's Trust becomes the beneficiary of death benefits under any qualified retirement plan, your Trustee will hold that property in a separate share of the Survivor's Trust during the lifetime of the survivor, and the survivor will have no right to amend the terms of the separate share. The survivor may direct your Trustee to distribute the principal and accumulated income of the separate share to the main share of the Survivor's Trust.

The purpose of the separate share is to keep the deceased spouse's trust property, together with all accumulated income from that property, separate during the lifetime of the survivor from the main account to allow the separate share to qualify as a designated beneficiary under qualified retirement plans.

The survivor receives all of the income of the Survivor's Trust and as much of the principal of the Survivor's Trust as the survivor may request in writing for any reason.

When the survivor is incapacitated, the Survivor's Trust will be administered as outlined in Article Four.

Upon the death of the survivor, the property remaining in the Survivor's Trust will be administered as outlined in Article Five.

Your Trustee will administer the balance of the Survivor's Trust as provided in Article Ten.

## **Article Nine**

### **The Family Trust**

Your Trustee will administer the Non-Marital Share in what is commonly referred to as a *Bypass, Credit-Shelter or Family Trust*. In your trust agreement, the trust is referred to as the *Family Trust*.

The purpose of the Family Trust is to make the income and assets of the trust available for the benefit of the survivor.

During the lifetime of the surviving Grantor, the income and principal of the Family Trust is available to the surviving Grantor for the survivor's needs.

While the survivor is alive, the income and principal of the Family Trust is available to the surviving Grantor.

The Family Trust terminates upon the death of the survivor. Upon the death of the survivor, your Trustee will administer the balance of the Family Trust as provided in Article Ten.

## **Article Ten**

### **Our Descendants' Trusts**

Article Ten contains the provisions for administration of the remaining trust property upon the death of the survivor of you.

The remaining trust property will be administered as outlined in this Article.

Your Trustee will divide the remaining trust property into separate trusts for your children. If a child is deceased, that child's share will be divided into shares for the child's descendants.

Your Trustee may distribute the income and principal of a beneficiary's trust to the beneficiary for the beneficiary's needs.

After attaining age 21 years, a beneficiary has the right to withdraw amounts not to exceed in the aggregate 25% of the trust property calculated as of the date the beneficiary attains the age of 21.

A beneficiary's right to withdraw will be increased by 25% of the trust property not already subject to withdrawal (calculated by taking the trust property and deducting any amount already subject to withdrawal but not actually withdrawn), after attaining age 25 years.

After attaining age 30 years, a beneficiary has the right to withdraw all of the property.

If a beneficiary should die before the complete distribution of the beneficiary's trust, any property remaining in that beneficiary's trust will be distributed to the beneficiary's descendants in separate trusts. If the beneficiary has no descendants, the balance of the trust property will be distributed to your descendants. If you have no descendants, the balance of the trust property will be distributed as provided in Article Eleven.

## **Article Eleven** **Remote Contingent Distribution**

In the unlikely event that there is no one identified to receive a final distribution of any portion of your trust estate, one-half of the property will be distributed to those persons who would have inherited it if S1 Test had died without an estate plan and one-half to those persons who would have inherited it had S2 Test died without an estate plan.

## **Article Twelve** **Distributions to Underage and Incapacitated Beneficiaries**

Article Twelve provides your Trustee with various distribution options when property would otherwise be distributed to an individual who is under the age of 21, incapacitated or otherwise unable to manage the property. These options include distributing the property to the individual's legal representative or continuing to hold the property in trust.

## **Article Thirteen** **Retirement Plans and Life Insurance Policies**

Generally, retirement plans and life insurance policies will not be owned by your trust; however, it is not uncommon for your trust to be designated as beneficiary of retirement plans or life insurance policies.

Article Thirteen contains provisions to ensure that your Trustee has the right to receive distributions from retirement plans and life insurance policies as well as the right to make any necessary elections.

Article Thirteen also contains provisions instructing your Trustee to administer a trust for your minor child or an individual who is not more than ten years younger than you, which is designated as a beneficiary of any retirement plan benefits, as a conduit trust requiring

your Trustee to immediately distribute the minimum required retirement plan distributions to the beneficiaries of the trust. This allows the trust to qualify as a designated beneficiary of the retirement plan for determining the amount of the required minimum distributions.

Except as otherwise provided in your Trust document, Article Thirteen contains provisions instructing your Trustee to administer any other trust designated as a beneficiary of any retirement plan benefits as an accumulation trust allowing your Trustee to accumulate the minimum required retirement plan distributions in the trust and to make distributions to the trust beneficiaries as directed by the Trust document. The accumulation trust provisions allow the trust to qualify as a designated beneficiary of the retirement plan for determining the amount of the required minimum distributions.

## **Article Fourteen** **Trust Administration**

Article Fourteen contains provisions to ensure that your trust will be administered efficiently according to your wishes. This includes provisions for your trust to be administered free of court intervention; freeing your Trustee from the costly requirement of obtaining a surety bond; entitling your Trustee to reasonable compensation; and making sure your Trustee won't be wrongfully sued when carrying out your intent.

Your Trustee has the right to employ other professionals such as accountants, attorneys, and investment advisors to make sure your trust is properly managed. Your Trustee may be required to provide an annual accounting. For convenience, one Trustee may delegate authority to another Trustee.

If any trust created after your deaths becomes so small that it no longer makes economic sense to administer it, the Trustee may terminate the trust and distribute the remaining property to the beneficiary then entitled to income.

You have given the Trustee of any trust the discretion to make distributions of principal to the beneficiaries of the trust to allow the beneficiaries to take full advantage of the aggregate basis increase allowed under Section 1014 of the Internal Revenue Code.

Before making principal distributions, the Trustee should determine whether there are good reasons to retain the property in trust. These reasons may include the fact that the asset may be sold in the near future, creditor protection, protection from failed marriages and protection of assets for future generations.

## **Article Fifteen**

### **Our Trustee's Powers**

Article Fifteen contains provisions granting your Trustee investment and administrative powers necessary to ensure that your trust and any trusts created after your deaths can be administered according to your wishes.

Your trust agreement includes special provisions to ensure that your Trustee can effectively manage a closely held business and operate farm or ranch properties.

Your trust agreement includes provisions to deal with S Corporation stock held by a trust after your deaths.

## **Article Sixteen**

### **General Provisions**

Article Sixteen contains various miscellaneous provisions as well as a Definitions section that explains the meaning of many of the words used in the trust agreement.

There is also a provision to protect the assets of a trust from a beneficiary's creditors. The effectiveness of this clause will depend upon state law.

There is a provision designed to ensure that beneficiaries will not try to defeat your intent by challenging your trust. Basically, this provision states that a beneficiary stands to lose all rights to distributions from your trust if the beneficiary contests any provisions of your trust.

If either of you file a petition for legal separation or dissolution of marriage, each of you will cease to be a beneficiary of the other's trust property and each of you will be treated as though you predeceased your spouse for purposes of determining how property will be distributed.

One important definition is the term *incapacity*. This term may apply to any person named in the trust, unless a different definition is otherwise specifically provided for that person in the trust document. Generally, a person is *incapacitated* if that determination is made by two licensed physicians, by a court having jurisdiction, or if the person has disappeared or is absent without explanation for more than 30 days.

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# **THE S1 TEST AND S2 TEST LIVING TRUST**

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**20**

LAW OFFICES  
THE LAW OFFICES OF RICHARD WINGERDEN  
777 N 1ST ST. SUITE 333  
SAN JOSE, CALIFORNIA 95112

# **The S1 Test and S2 Test Living Trust**

## **Table of Contents**

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# The S1 Test and S2 Test Living Trust

## Article One Establishing Our Trust

The date of this trust is \_\_\_\_\_, 20\_\_\_\_\_. The parties to this trust are S1 Test and S2 Test (the *Grantors*) and (our *Trustee*).

We intend to create a valid trust under the laws of California and under the laws of any state in which any trust created under this trust document is administered. The terms of this trust prevail over any provision of California law, except those provisions that are mandatory and may not be waived.

### Section 1.01 Identifying Our Trust

For convenience, our trust may be referred to as:

“The S1 Test and S2 Test Living Trust dated \_\_\_\_\_,  
20\_\_\_\_\_. ”

To the extent practicable, for the purpose of transferring property to our trust or identifying our trust in any beneficiary or pay-on-death designation, our trust should be identified as:

“, Trustee of the S1 Test and S2 Test Living Trust dated  
\_\_\_\_\_, 20\_\_\_\_\_, and any amendments thereto.”

For all purposes concerning the identity of our trust or any property titled in or payable to our trust, any description referring to our trust will be effective if it reasonably identifies our trust and indicates that the trust property is held in a fiduciary capacity.

### Section 1.02 Reliance by Third Parties

Third parties may require documentation to verify the existence of this trust, or particular provisions of it, including the name of our Trustee or the powers held by our Trustee. To protect the confidentiality of the trust, California Probate Code Section 18100.5, Chapter 530, Statutes of 1993 provides that our Trustee may use a certification of trust that identifies our Trustee and sets forth the authority of our Trustee to transact business on behalf of the trust instead of providing a copy of this instrument. The certification may include pertinent pages from this instrument, including title or signature pages.

A third party may rely upon a certification of trust that is signed by our Trustee with respect to the representations contained in it. A third party relying upon a certification of trust will be exonerated from any liability for actions the third party takes or does not take in reliance upon the representations contained in the certification of trust.

A third party dealing with our Trustee will not be required to inquire into this trust’s terms or the authority of our Trustee, or to see to the application of funds or other property received by our Trustee. Our Trustee’s receipt of any money or property paid, transferred, or delivered to our Trustee will be a sufficient discharge to the third party from all liability

in connection with its application. A written statement by our Trustee is conclusive evidence of our Trustee's authority. Third parties are not liable for any loss resulting from their reliance on a written statement by our Trustee asserting our Trustee's authority or seeking to effect a transfer of property to or from the trust.

**California Probate Code Section 18100.5(h) provides that a person making a demand for the trust document in addition to the certification of trust may be liable for damages, including attorney fees, as a result of the refusal to accept the certification of trust.**

### **Section 1.03 Transferring Property to Our Trust**

Any person or entity may transfer any property to our trust in any manner authorized by law.

#### **(a) Funding of Our Trust**

By executing this instrument, we transfer, convey, and assign the property described in the attached schedules to our Trustee. We also transfer all our right, title, and interest in and to all of our property that may legally be held in trust and that may be transferred to our trust by this assignment. This assignment includes all of our real, personal, tangible, and intangible property located in the United States, whether separate property or community property, and whether acquired before or after the execution of this instrument, except for these assets that are expressly not transferred by this instrument:

life insurance policies, unless the ownership of a policy is transferred to our trust by a separate instrument that specifically refers to the policy;

corporate and self-employed (*Keogh*) pension, profit-sharing, and stock bonus plans;

qualified retirement plans;

commercial annuities;

Section 1244 (small business) stock; and

any property, the transfer of which would result in the immediate recognition of income subject to income or other taxes, would result in the loss of a homestead exemption, or would violate a restriction on transfer agreement.

#### **(b) Acceptance by Our Trustee**

By executing this instrument, our Trustee accepts and agrees to hold the property transferred to the trust as trust property. All property transferred to our trust after the date of this trust must be acceptable to our Trustee. Our Trustee may refuse to accept any property. Our Trustee shall hold, administer, and dispose of all accepted trust property for our benefit and for the benefit of our beneficiaries, in accordance with the terms of this trust.

**(c) Community Property**

Any community property transferred to our trust, including the proceeds from the property's sale or exchange, will retain its character as community property during our lives, to the same extent as if it had not been transferred to our trust.

**(d) Separate Property**

Separate property transferred to our trust will retain its character as separate property. Our separate property may be identified as the separate property of either of us on the attached schedules. The separate property of either of us, including proceeds from the property's sale or exchange, will remain separate property. Each of us has the unrestricted right to remove all or any part of our separate property at any time.

An amount that is payable to our trust on a life insurance policy that is the separate property of either of us will retain its character as separate property.

**(e) Joint Property**

If joint tenancy property with right of survivorship is transferred to our trust, we will be considered to have severed the joint tenancy immediately before transferring the property, and no right of survivorship will exist with respect to this property.

**(f) Marital Property Agreement Controls**

If we have entered into or in the future enter into a marital property agreement, the terms of that agreement will control the characterization of property titled in the name of our trust. In the absence of a marital property agreement, property titled in the name of our trust will be governed by the terms of this trust.

**Section 1.04 Powers Reserved by Us as Grantors**

As Grantors, we retain the powers set forth in this Section in addition to any powers that we reserve in other provisions of this instrument.

**(a) Action on Behalf of Our Trust**

Whenever both of us are serving as Trustee, either or both of us may act for and conduct business on behalf of our trust without the consent of any other Trustee.

Whenever one of us is alive but not serving as Trustee, and the other is serving as Trustee, the one who is serving as Trustee may act for and conduct business on behalf of our trust without the consent of any other Trustee.

After one of us dies, the ability of the survivor of us, when serving as Trustee, to conduct business on behalf of us without the consent of any other Trustee is subject to the terms and conditions of our trust.

**(b) Amendment, Restatement, or Revocation**

Acting jointly, we may amend, restate, or revoke this instrument, in whole or in part, for any purpose.

Each of us individually retains the right to revoke any term or provision of this trust in whole or in part as to each of our separate property.

Any amendment, restatement, or revocation must be made in writing and delivered to our then-serving Trustee.

**(c) Addition or Removal of Trust Property**

Either of us may add property to our trust. Acting jointly, both of us may remove any property from our trust. Acting alone, each of us may remove our own separate property from our trust. Community property removed from our trust will retain its character as community property.

**(d) Control of Income and Principal Distributions**

We retain the right to control the distribution of income and principal from our trust. We may direct our Trustee to distribute as much of the net income and principal of the trust property as we consider advisable to us or to other persons or entities. Our Trustee may distribute the net income and principal to us or for our unrestricted use and benefit, even to the exhaustion of all trust property. Any undistributed net income is to be added to the principal of our trust.

Unless otherwise directed, our Trustee shall distribute the net income from the community property to us at least quarterly and shall distribute the net income from a Grantor's separate property to that Grantor at least quarterly.

Our Trustee may also distribute principal of the community property for the unrestricted use of either or both of us and the principal of a Grantor's separate property for the unrestricted use and benefit of that Grantor, even to the exhaustion of all trust property. Any undistributed net income is to be added to the principal of our trust.

**(e) Approval of Investment Decisions**

We reserve the absolute right to review and change our Trustee's investment decisions as to the community property. Each of us reserves the absolute right to review and change our Trustee's investment decisions as to our respective separate property. But our Trustee is not required to seek our approval before making investment decisions.

**Section 1.05      Grantor Trust Status**

By reserving the broad rights and powers set forth in Section 1.04 of this Article, we intend to qualify our trust as a *Grantor Trust* under Internal Revenue Code Sections 671 to 677. This means that, for federal income tax purposes, each of us will be treated as the owner of one-half of all the community property held in our trust and as the owner of our respective separate property as if we held the property individually.

During any period that our trust is a Grantor Trust, the Taxpayer Identification Number of our trust will be either of our Social Security numbers, in accordance with Treasury Regulation Section 301.6109-1(a)(2).

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## **Article Two**

### **Family Information**

S1 Test is referred to in this trust as *husband*, and S2 Test is referred to in this trust as *wife*.

We have no children.

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## **Article Three**

### **Trustee Succession and Trust Protector Provisions**

#### **Section 3.01 Resignation of a Trustee**

A Trustee may resign by giving written notice to either of us. If we are both incapacitated or deceased, a resigning Trustee shall give written notice to the trust's Income Beneficiaries and any other then-serving Trustee.

#### **Section 3.02 Trustee Succession while Both of Us Are Alive**

While we are both alive, this Section governs the removal and replacement of our Trustees.

##### **(a) Removal and Replacement by Both of Us**

By joint agreement, we may remove any Trustee at any time, with or without cause. If a Trustee is removed, resigns, or cannot continue to serve for any reason, either or both of us may serve as Trustee, we may appoint a Trustee to serve with either or both of us, or we may appoint a successor Trustee.

##### **(b) Successor Trustee during Incapacity of a Grantor**

During the incapacity of a Grantor, the other Grantor may serve as sole Trustee.

If the other Grantor is unable or unwilling to serve for any reason, then we name the following to serve as successor Trustee in this order:

##### **(c) Removal of Trustee during Incapacity**

During any time one of us is incapacitated, the other Grantor may remove any Trustee. If both of us are incapacitated, a Trustee may be removed only for cause; an interested party must petition a court of competent jurisdiction and receive approval from the court for the Trustee removal to be effective.

Nothing in this Subsection limits the authority of a Trust Protector to remove a Trustee under the provisions of Section 3.10(f) of this Article.

##### **(d) Default of Designation**

If the office of Trustee of a trust created under this instrument is vacant and no designated Trustee is able and willing to act during any time that one of us is incapacitated, our Trust Protector may appoint an individual or a corporate fiduciary to serve as successor Trustee.

If our Trust Protector is unable or unwilling to appoint a successor Trustee, the other Grantor may appoint a successor Trustee.

The Legal Representative of either of us may petition a court of competent jurisdiction to appoint a successor Trustee to fill any vacancy lasting longer than 30 days. The petitioned court acquires jurisdiction over the trust only

to the extent necessary to make the appointment. The trust is not subject to the court's continuing jurisdiction.

All appointments, removals, and revocations must be by signed written instrument.

### **Section 3.03     Trustee Succession after the Death of Either or Both of Us**

After the death of either or both of us, this Section governs the removal and replacement of our Trustees.

#### **(a)    Upon the Death of a Grantor**

Upon the death of a Grantor, the other Grantor may serve as sole Trustee of all trusts created under this instrument.

If the other Grantor is unable or unwilling to serve for any reason, we name the following to serve as successor Trustee in this order:

#### **(b)    Removal of a Trustee**

After the death of one of us, the surviving Grantor may remove any Trustee, with or without cause. If the surviving Grantor is incapacitated, a Trustee may be removed only for cause, and only if a court of competent jurisdiction approves the removal upon the petition of an interested party.

A Trustee may be removed by the surviving Grantor only if the surviving Grantor appoints an individual or corporate fiduciary by the effective removal date and this appointee simultaneously commences service as Trustee. The Trustee appointed to serve as successor Trustee may not be related or subordinate to the surviving Grantor within the meaning of Internal Revenue Code Section 672(c).

After the death of both of us, any beneficiary may remove a Trustee only for cause, and with approval from a court of competent jurisdiction. The petition may subject the trust to the jurisdiction of the court only to the extent necessary to make the appointment.

The right to remove a Trustee under this Subsection is not to be interpreted to grant the person holding that right any of the powers of that Trustee.

A minor or incapacitated beneficiary's parent or Legal Representative may act on his or her behalf.

Nothing in this Subsection limits the authority of a Trust Protector to remove a Trustee under the provisions of Section 3.10(f) of this Article.

#### **(c)    Default of Designation**

If the office of Trustee of a trust created under this instrument is vacant and no designated Trustee is able and willing to act, our Trust Protector may appoint the successor Trustee.

If our Trust Protector is unable or unwilling to act, the surviving Grantor may appoint an individual or corporate fiduciary that is not related or

subordinate to the person or persons making the appointment within the meaning of Section 672(c) of the Internal Revenue Code as successor Trustee.

If the surviving Grantor is unable or unwilling to name a successor Trustee or if both of us are deceased, the trust's Primary Beneficiary may appoint an individual or corporate fiduciary that is not related or subordinate to the person or persons making the appointment within the meaning of Section 672(c) of the Internal Revenue Code as successor Trustee.

Any beneficiary may petition a court of competent jurisdiction to appoint a successor Trustee to fill any vacancy lasting longer than 30 days. The petition may subject the trust to the jurisdiction of the court only to the extent necessary to make the appointment and may not subject the trust to the continuing jurisdiction of the court.

A minor or incapacitated beneficiary's parent or Legal Representative may act on his or her behalf.

### **Section 3.04     Notice of Removal and Appointment**

Notice of removal must be in writing and delivered to the Trustee being removed, along with any other then-serving Trustees. The removal notice will become effective in accordance with its provisions.

Notice of appointment must be in writing and delivered to the successor Trustee and any other then-serving Trustees. The appointment will become effective at the time of acceptance by the successor Trustee. A copy of the notice may be attached to this instrument.

### **Section 3.05     Appointment of a Co-Trustee**

Any individual Trustee may appoint an individual or a corporate fiduciary as a Co-Trustee. This Co-Trustee will serve only as long as the appointing Trustee serves, or as long as the last to serve if more than one Trustee appointed the Co-Trustee. This Co-Trustee will not become a successor Trustee upon the death, resignation, or incapacity of the appointing Trustee, unless appointed under the terms of this instrument. Although this Co-Trustee may exercise all the powers of the appointing Trustee, the combined powers of this Co-Trustee and the appointing Trustee may not exceed the powers of the appointing Trustee alone. The Trustee appointing a Co-Trustee may revoke the appointment at any time, with or without cause.

### **Section 3.06     Corporate Fiduciaries**

Any corporate fiduciary serving under this instrument as a Trustee must be a bank, trust company, or public charity that is qualified to act as a fiduciary under applicable federal or state law and that is not related or subordinate to any beneficiary within the meaning of Internal Revenue Code Section 672(c).

### **Section 3.07     Incapacity of a Trustee**

If any individual Trustee becomes incapacitated, the incapacitated Trustee need not resign as Trustee. For Trustees other than one of us, a written declaration of incapacity by the Co-Trustee or, if none, by the party designated to succeed the incapacitated Trustee if made in good faith will terminate the trusteeship. If the Trustee designated in the written declaration objects in writing to termination of the trusteeship within 10 days of receiving the declaration of incapacity, a written opinion of incapacity signed by a physician who has examined the incapacitated Trustee must be obtained before the trusteeship will be terminated. The Trustee objecting to termination of trusteeship must sign the necessary medical releases needed to obtain the physician's written opinion, or the trusteeship will be terminated without it.

### **Section 3.08     Appointment of Independent Special Trustee**

If for any reason the Trustee of any trust created under this instrument is unwilling or unable to act with respect to any trust property or any provision of this instrument, our Trust Protector shall appoint, in writing, a corporate fiduciary or an individual to serve as an Independent Special Trustee as to this property or with respect to this provision. The Independent Special Trustee appointed may not be related or subordinate to any trust beneficiary within the meaning of Internal Revenue Code Section 672(c). Our Trust Protector may revoke any appointment of this kind at any time.

An Independent Special Trustee will exercise all fiduciary powers granted by this trust unless expressly limited elsewhere in this instrument or by our Trust Protector in the instrument appointing the Independent Special Trustee. An Independent Special Trustee may resign at any time by delivering written notice of resignation to our Trust Protector. Notice of resignation will be effective in accordance with the terms of the notice.

### **Section 3.09     Rights of Successor Trustees**

Each successor Trustee serving under this instrument, whether individual or corporate, will have all of the title, rights, powers and privileges granted to our initial Trustee named under this instrument as to the trust of which he or she is named Trustee. In addition, each successor Trustee will be subject to all of the restrictions imposed upon, as well as all obligations and duties, both discretionary and ministerial, given to the original Trustee.

### **Section 3.10     Provisions for Trust Protector**

The function of the Trust Protector is to direct our Trustee in matters concerning the trust, and to assist, if needed, in achieving our objectives as manifested by the other provisions of our estate plan.

Any Trust Protector named or appointed under this Section must be a corporate fiduciary or an individual who is not related or subordinate to either of us while we are still living, or to any beneficiary within the meaning of Internal Revenue Code Section 672(c). Notwithstanding any provision that may seem to the contrary, a Trust Protector shall only act during the period of the incapacity of or after the death of one or both of us. But the Trust Protector's authority to act will not extend to any portion of the trust over which the survivor or non-incapacitated party has the power to revoke or amend the trust provisions.

**(a) Designation of Trust Protector**

Any Trust Protector authorized or required to act with respect to this instrument must be appointed by a court of competent jurisdiction on the petition of a Trustee or beneficiary. The Trust Protector must be a corporate fiduciary or individual of a type described in Section 3.10.

The court acting to appoint a Trust Protector will acquire jurisdiction or authority over the trust only to the extent necessary to make the appointment and may not subject the trust to the continuing jurisdiction of the court.

A minor or incapacitated beneficiary's parent or Legal Representative may act on his or her behalf.

**(b) Resignation of Trust Protector**

A Trust Protector may resign by giving notice to the trust's Income Beneficiaries and the then-serving Trustee.

A Trust Protector's resignation takes effect on the date set forth in the notice, but never earlier than 30 days after the date of delivery of the resignation notice, unless an earlier effective date is agreed to by either of us or by the Trustee. A resigning Trust Protector will not be liable or responsible for the act of any successor Trust Protector.

**(c) Removal and Replacement by the Grantors**

If either of us is incapacitated or deceased, the living, non-incapacitated Grantor may remove any Trust Protector at any time, with or without cause, but only if the Grantor appoints a successor Trust Protector that commences service simultaneously.

If a Trust Protector is removed, resigns, or cannot continue to serve for any reason and either of us is incapacitated or deceased, the living, non-incapacitated Grantor may appoint a successor Trust Protector.

**(d) Authority of Our Trust Protector to Appoint a Successor Trust Protector**

Any Trust Protector, including successor Trust Protectors, may appoint a successor Trust Protector in writing. The appointment of a successor will take effect upon the death, resignation, or incapacity of the appointing Trust Protector.

**(e) Rights of Successor Trust Protectors**

A successor Trust Protector has all of the authority of any predecessor Trust Protector, but will not be responsible for its predecessor's acts, omissions, or forbearances.

**(f) Power to Remove and Appoint Trustees**

Our Trust Protector may remove any Trustee of a trust under this instrument other than one of us.

If the office of Trustee of a trust is vacant and no successor Trustee is designated, our Trust Protector may appoint an individual or a corporate fiduciary to serve as Trustee.

A Trust Protector may not appoint itself as a Trustee, and may not simultaneously serve as both Trust Protector and Trustee.

**(g) Good Faith Standard Imposed**

The authority of our Trust Protector is conferred in a fiduciary capacity, however, our Trust Protector is not liable for any action taken in good faith. Our Trust Protector is not liable for any act, omission, or forbearance. Our Trust Protector must be reimbursed promptly for any costs incurred in defending or settling any claim brought against it in its capacity as Trust Protector, unless it is conclusively established that the act, omission, or forbearance was motivated by an actual intent to harm the trust beneficiaries or was an act of self-dealing for personal benefit.

**(h) Power to Amend Trust Provisions**

Our Trust Protector may amend any provision of this instrument as it applies to any trust to which the Trust Protector is serving as Trust Protector to:

alter the administrative and investment powers of our Trustee;

reflect tax or other legal changes that affect trust administration. We recognize that the gift, estate, generation-skipping transfer tax, and income tax provisions of the Internal Revenue Code and Treasury Regulations are subject to change. We grant our Trust Protector the authority to amend this trust instrument's terms in this manner as will, in our Trust Protector's sole and absolute discretion, eliminate or minimize the state and federal taxes payable by either of our estates and provide the maximum benefit to our beneficiaries as expressed in this instrument. This includes dividing trust property into separate shares or funds;

correct ambiguities, including scrivener errors, that might otherwise require court construction or reformation; and

grant a beneficiary of any trust created under this instrument the testamentary power to appoint all or part of the beneficiary's trust or trust share to the creditors of the beneficiary's estate. As a condition for the beneficiary's exercise of this power, our Trust Protector may require that the beneficiary first obtain the consent of our Trust Protector. Any testamentary power of appointment granted by our Trust Protector may only be exercised personally by

the beneficiary, must be exercised in writing and may be revoked by our Trust Protector throughout that beneficiary's lifetime. We suggest that our Trust Protector exercise this authority to subject trust property to estate tax instead of the generation-skipping transfer tax or when it appears that it may reduce overall taxes.

Our Trust Protector may not amend this instrument in any manner that would result in a reduction in the estate tax marital deduction under Internal Revenue Code Section 2056 or the estate tax charitable deduction under Section 2055, to which either of our estates would otherwise be entitled. Further, our Trust Protector may not limit or alter the rights of a beneficiary in any trust assets held by the trust before the amendment.

Any amendment made by our Trust Protector in good faith is conclusive on all persons interested in the trust, and our Trust Protector is not liable for the consequences of making or not making any amendment. Any amendment to this instrument made by our Trust Protector must be made in a written instrument signed by our Trust Protector. Our Trust Protector must deliver a copy of the amendment to the Income Beneficiaries and our Trustee.

**(i) Not a General Power of Appointment**

Our Trust Protector may not participate in the exercise of a power or a discretion conferred under this instrument that would cause our Trust Protector to possess a general power of appointment within the meaning of Internal Revenue Code Sections 2041 and 2514. Specifically, our Trust Protector may not use these powers for his or her personal benefit, nor for the discharge of his or her financial obligations.

**(j) Release of Powers**

Acting on behalf of it and all successor Trust Protectors, our Trust Protector may irrevocably release, renounce, suspend, or reduce any or all powers and discretions conferred on our Trust Protector by this instrument by a written instrument delivered to our Trustee.

**(k) Compensation**

Though not required to accept, any Trust Protector serving under this instrument is entitled to receive reasonable compensation for services as determined by our Trustee. Our Trust Protector is entitled to reimbursement for all expenses incurred in the performance of its duties as Trust Protector, including travel expenses.

Serving in the capacity of Trust Protector does not prevent our Trust Protector from also providing legal, investment, or accounting services on behalf of the trust or the trust beneficiaries. If our Trust Protector is providing professional services, our Trust Protector may charge its typical

fees for professional services and may also be compensated for its services as Trust Protector.

**(I) Right to Examine**

The books and records of each trust created under this instrument, including all documentation, inventories, and accountings, must be open and available for inspection by our Trust Protector at all reasonable times.

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## **Article Four**

### **Administration of Our Trust During a Grantor's Incapacity**

#### **Section 4.01    Trust Distributions during a Grantor's Incapacity**

For purposes of this Article, *incapacitated Grantor's trust property* refers to the net income and principal of the incapacitated Grantor's separate property and the net income and principal of the incapacitated Grantor's share of the community property, during any period when a Grantor is incapacitated.

Our Trustee shall administer the incapacitated Grantor's trust property as follows.

##### **(a)    Distributions for the Incapacitated Grantor's Benefit**

Our Trustee shall regularly and conscientiously make appropriate distributions of income and principal for the benefit of the incapacitated Grantor under the circumstances existing at the time each distribution is made.

Appropriate distributions under this Subsection include the payment of any of the incapacitated Grantor's enforceable legal obligations and premiums for insurance policies owned by the incapacitated Grantor or by our trust, including life, medical, disability, property and casualty, errors and omissions, and longterm health care policies.

Our Trustee is authorized to honor pledges and continue to make gifts to charitable organizations that the incapacitated Grantor has regularly supported in the customarily given amounts.

The examples included in this Subsection are for purposes of illustration only and are not intended to limit the authority of our Trustee to make any distribution for the incapacitated Grantor's benefit that our Trustee determines appropriate.

##### **(b)    Manner of Making Distributions**

Our Trustee may make distributions for the incapacitated Grantor's benefit in any one or more of the following ways:

- to the incapacitated Grantor, but only to the extent the incapacitated Grantor is able to manage these distributions;
- to other persons and entities for the incapacitated Grantor's use and benefit;
- to an agent or attorney in fact authorized to act for the incapacitated Grantor under a legally valid durable power of attorney executed by the incapacitated Grantor before the Grantor's incapacity; and

to the incapacitated Grantor's guardian or conservator who has assumed responsibility for the incapacitated Grantor under any court order, decree, or judgment issued by a court of competent jurisdiction.

**(c) Distributions for the Other Grantor's Benefit**

Our Trustee may distribute as much of the net income and principal of the incapacitated Grantor's trust as our Trustee considers necessary for the health, education, maintenance, or support of the other Grantor.

**(d) Guidance for Our Trustee Regarding Distributions**

When making distributions under Subsections (a) and (c), our Trustee shall give consideration first to the incapacitated Grantor's needs, and then to the needs of the other Grantor.

When making distributions under Subsection (c), we request that our Trustee, in its sole and absolute discretion, consider other income and resources available to the other Grantor. Our Trustee may make unequal distributions, distributions to one of us but not the other, or no distributions.

A distribution made to the other Grantor under this Section will not be considered an advancement, and will not be charged against any trust share of the other Grantor that may be distributable to the other Grantor for the other Grantor's benefit under any other provision of this trust.

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## Article Five

# Administration of Our Trust Upon the Death of a Grantor

### **Section 5.01    Surviving Grantor's Trust Property and Deceased Grantor's Trust Property**

After the first of us dies, the surviving Grantor's interest in any community property of our trust and the surviving Grantor's separate trust property will be referred to as the *surviving Grantor's trust property*. The surviving Grantor's trust property will be referred to as the Survivor's Trust, and our Trustees shall administer the Survivor's Trust as provided in Article Eight.

The deceased Grantor's interest in any community property of our trust and the deceased Grantor's separate trust property will be referred to as the *deceased Grantor's trust property*.

### **Section 5.02    Administrative Trust**

Upon a Grantor's death, our trust will become irrevocable as it pertains to the administration and distribution of the deceased Grantor's trust property. Our Trustee may need to apply for a separate Taxpayer Identification Number for the deceased Grantor's trust property.

Before the distribution of the deceased Grantor's trust property as provided in this trust, the deceased Grantor's trust property will be referred to as the *administrative trust*, but may continue to be known as the S1 Test and S2 Test Living Trust during the administration period. The administrative trust will exist for the period reasonably necessary to complete the administrative tasks set forth in this Article.

### **Section 5.03    Payment of Expenses and Taxes**

Our Trustee may pay from the deceased Grantor's trust property:

expenses of the deceased Grantor's last illness, funeral, and burial or cremation, including expenses of memorials and memorial services;

legally enforceable claims against the deceased Grantor or the deceased Grantor's estate;

expenses of administering the trust and the deceased Grantor's estate; and

court-ordered allowances for those dependent upon the deceased Grantor.

These payments are discretionary with our Trustee. Our Trustee may make decisions on these payments without regard to any limitation on payment of the expenses and may make payments without any court's approval. No third party may enforce any claim or right to payment against the trust by virtue of this discretionary authority.

If payment would decrease the federal estate tax charitable deduction available to the deceased Grantor's estate, our Trustee may not pay any administrative expenses from

assets passing to an organization that qualifies for the federal estate tax charitable deduction.

If payment would decrease the federal estate tax marital deduction available to the deceased Grantor's estate or violate the provisions of Treasury Regulation Section 20.2056(b)-4(d), our Trustee may not pay any administrative expenses from the net income of property qualifying for the federal estate tax marital deduction.

Our Trustee shall pay death taxes out of the trust property's principal, as provided in Section 5.05. But if a probate estate is opened within six months after the date of the deceased Grantor's death, the deceased Grantor's Personal Representative shall pay any outstanding claims and expenses as authorized by the Personal Representative, as well as any death taxes from the deceased Grantor's probate estate to the extent that the cash and readily marketable assets in the deceased Grantor's probate estate are sufficient.

#### **Section 5.04     Excluding Life Insurance Proceeds from Creditors**

Despite anything to the contrary in this instrument, any life insurance proceeds payable to the Trustee under this instrument must never be or become part of our probate or testamentary estate. Nothing in this instrument directs that these life insurance proceeds be used to pay our debts or expenses.

#### **Section 5.05     Payment of Death Taxes**

For the purposes of this Article, the term *death taxes* refers to any taxes imposed by reason of the deceased Grantor's death by federal, state, or local authorities, including estate, inheritance, gift, and direct-skip generation-skipping transfer taxes. For purposes of this Section, *death taxes* does not include any additional estate tax imposed by Internal Revenue Code Section 2031(c)(5)(C) or Section 2032A(c), or any other comparable recapture tax imposed by any taxing authority. Nor does the term include any generation-skipping transfer tax, other than a direct-skip generation-skipping transfer tax.

Except as otherwise provided in this Article or elsewhere in this trust, our Trustee shall provide for payment of all death taxes from the administrative trust without apportionment and may not seek contribution toward or recovery of any payments of death taxes from any individual.

##### **(a)     Protection of Exempt Property**

Death taxes may not be allocated to or paid from any assets that are not included in the deceased Grantor's gross estate for federal estate tax purposes. To the extent practicable, our Trustee may not pay any death taxes from assets that are exempt for generation-skipping transfer tax purposes.

##### **(b)     Protection of the Marital Deduction**

Death taxes may not be paid from or allocated to any property that qualifies for the federal estate tax marital deduction.

**(c) Protection of the Charitable Deduction**

Death taxes may not be paid from or allocated to any assets passing to an organization that qualifies for the federal estate tax charitable deduction, or from any assets passing to a split-interest charitable trust, unless the Trustee has first used all other assets available to pay the taxes.

**(d) Property Passing outside of Our Trust**

Death taxes imposed with respect to property included in the deceased Grantor's gross estate for death tax purposes but passing outside of the trust are to be apportioned among the persons and entities benefited. The proportion attributed to each person or entity is the taxable value of each person or entity's beneficial interest over the total taxable value of all property and interests included in the deceased Grantor's gross estate for death tax purposes. The values used for the apportionment are to be the values as finally determined under federal, state, or local law. To the extent practicable, our Trustee shall deduct the death taxes from the property distributable under this trust, and must recover the allocable share of death taxes from the beneficiaries of property passing other than under this trust, unless our Trustee determines that the cost of recovery is greater than warranted. If death taxes are not collected from the beneficiaries of property passing other than under this trust, our Trustee shall provide for payment of this unrecovered amount from the administrative trust without apportionment.

**(e) QTIP Property**

If our Trustee or the surviving Grantor's Personal Representative waives any right of recovery granted by Internal Revenue Code Section 2207A and corresponding provisions of applicable state law, no death taxes paid as a result of including property held in a qualified terminable interest property (QTIP) trust created by the first Grantor to die and included in the taxable estate of the second Grantor to die will be apportioned to or collected from the assets of the QTIP as provided in Internal Revenue Code Section 2207A.

**Section 5.06 Coordination with the Personal Representative**

The following provisions are intended to help facilitate the coordination between the deceased Grantor's Personal Representative and our Trustee. These provisions apply even if the Personal Representative and the Trustee are the same person or entity.

**(a) Reliance on Information from the Personal Representative**

Our Trustee may rely upon the written request of the deceased Grantor's Personal Representative for payments authorized under this Article and the amounts included in those payments without computing the sums involved. If a payment is made under this Article to the deceased Grantor's Personal Representative, our Trustee will have no duty to inquire into the application of the payment.

**(b) Receipt of Probate Property**

Our Trustee may accept or decline any distributions of property tendered to our Trustee by the deceased Grantor's Personal Representative. If our Trustee accepts the property, our Trustee may do so without audit, and will not be required to review the Personal Representative's records.

**(c) Discretionary Distributions to the Deceased Grantor's Personal Representative**

Our Trustee may distribute cash, accrued income, or other trust property to the deceased Grantor's probate estate as a beneficiary of this trust, to the extent our Trustee determines that doing so is in the best interests of the trust beneficiaries.

**Section 5.07 Authority to Make Tax Elections**

After a Grantor's death, our Trustee may make tax elections as provided in this Section. But if a Personal Representative is appointed for the deceased Grantor's probate estate, the discretionary authority granted to our Trustee as to any tax election will be subordinate to the Personal Representative's statutorily delegated authority.

**(a) Tax Elections**

Our Trustee may make any tax elections necessary for the efficient administration of the deceased Grantor's estate, including:

- valuing assets according to an alternate valuation date;
- electing whether to take administration expenses as estate tax deductions or income tax deductions;
- allocating a Grantor's unused generation-skipping exemption to any portion of the trust property;
- electing special-use valuation;
- deferring payment of all or any portion of any taxes; and
- treating any portion of the deceased Grantor's administrative trust as part of the deceased Grantor's estate for federal or state income tax purposes, or both.

In addition, our Trustee, in its sole and absolute discretion, may elect to waive, in whole or in part, the surviving Grantor's right to have the surviving Grantor's estate reimbursed for any tax paid as a result of the inclusion in the surviving Grantor's taxable estate of property held in a qualified terminable interest property (QTIP) trust created for the surviving Grantor by the deceased Grantor.

Our Trustee may make equitable adjustments between income and principal because of any tax elections made by our Trustee.

**(b) Allocation of GST Exemption**

Our Trustee may elect to allocate or not allocate any portion of the Available GST Exemption under Internal Revenue Code Section 2631, or a counterpart exemption under any applicable state law to any property of which a Grantor is considered the transferor for generation-skipping transfer tax purposes. This includes any property transferred by a Grantor during the Grantor's life for which the Grantor did not make an allocation prior to death. The exercise of our Trustee's discretion should be based on the transfers, gift tax returns, and other information known to our Trustee, with no requirement that allocations benefit the various transferees or beneficiaries in any particular manner.

**(c) Qualified Conservation Easements**

Our Trustee may create a qualified conservation easement, as defined in Internal Revenue Code Section 2031(c)(8)(A), in any land held by the trust and may make the necessary election provided by Section 2031(c)(6).

**Section 5.08 Authority to Elect Portability**

The applicable exclusion amount is defined in Internal Revenue Code Section 2010(c)(2). After the death of one of us, if the deceased Grantor's applicable exclusion amount cannot be fully used, and the deceased Grantor does not have a duly appointed Personal Representative for the deceased Grantor's estate, then we nominate our Trustee to serve as the deceased Grantor's executor or administrator for purposes of Internal Revenue Code Section 2203.

We authorize our Trustee, in its sole and absolute discretion, when acting as the deceased Grantor's executor or administrator for purposes of Internal Revenue Code Section 2203, to make a timely election under Internal Revenue Code Section 2010(c)(5)(A) so that the surviving Grantor may take the deceased Grantor's deceased spousal unused exclusion amount (DSUE) as defined in Internal Revenue Code Section 2010(c)(4), if any, into account in calculating the surviving Grantor's applicable exclusion amount.

In determining whether or not a DSUE election should be made, our Trustee, acting as the deceased Grantor's executor or administrator for purposes of Internal Revenue Code Section 2203, may take into account the overall size of the surviving Grantor's estate, the projected inclusion of the deceased Grantor's trust estate due to the use of QTIP elections, and general powers of appointment granted by the deceased Grantor to the surviving Grantor.

Our Trustee, acting as executor or administrator for purposes of Internal Revenue Code Section 2203, will not be liable to the beneficiaries of our Trust or the beneficiaries of the surviving Grantor's estate for the failure to make a DSUE election under Internal Revenue Code Section 2010(c)(5)(A).

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## **Article Six**

### **Disposition of Tangible Personal Property**

#### **Section 6.01      Distribution of Tangible Personal Property by Memorandum**

Each of us may dispose of items of tangible personal property by a signed written memorandum executed after we sign this instrument. The memorandum must refer to our trust and must reasonably identify the items and the beneficiary designated to receive each item. If either or both of us executes a memorandum, our Trustee shall incorporate the memorandum by reference into this instrument to the extent permitted by law.

Our Trustee shall distribute the items of tangible personal property listed in the memorandum as promptly as practicable after the death of a Grantor who completed the memorandum, together with any insurance policies covering the property and any claims under those policies, as provided in the memorandum. If either or both of us leave multiple written memoranda that conflict as to the disposition of any item of tangible personal property, the memorandum with the most recent date will control as to that item.

If the memorandum with the most recent date conflicts with a provision of this instrument as to the specific distribution of any item of tangible personal property, the provisions of this instrument will control as to those items that are in conflict.

If the law does not permit incorporation of the memorandum by reference, the memorandum will then serve as an amendment to our trust, but only to the extent this amendment solely disposes of tangible personal property. We request that our Trustee follow our wishes and distribute the items of tangible personal property listed in the memorandum according to its terms, except to the extent the memorandum conflicts with any other provision of this instrument as to the specific distribution of any item of tangible personal property.

#### **Section 6.02      Distribution of Remaining Tangible Personal Property**

Our Trustee shall distribute any of the deceased Grantor's remaining tangible personal property not disposed of by a written memorandum to the Survivor's Trust to be administered as provided in Article Eight. If we are both deceased, our Trustee shall distribute the property as provided in the following Articles.

#### **Section 6.03      Definition of Tangible Personal Property**

For purposes of this Article, the term *tangible personal property* includes household furnishings, appliances and fixtures, works of art, motor vehicles, pictures, collectibles, apparel and jewelry, books, sporting goods, and hobby paraphernalia. The term does not include any property that our Trustee, in its sole and absolute discretion, determines to be part of any business or business interest owned by the deceased Grantor or our trust.

After the death of a Grantor, if our Trustee receives property to be distributed under this Article from the deceased Grantor's probate estate or in any other manner, our Trustee shall distribute the property in accordance with this Article's terms. The fact that an item of tangible personal property was not received by our trust until after the death of a Grantor

does not diminish the validity of the gift. If property to be distributed under this Article is not part of the trust property upon the death of a Grantor and is not subsequently transferred to our Trustee from the deceased Grantor's probate estate or in any other manner, then the specific distribution of property made in this Article is null and void, without any legal or binding effect.

#### **Section 6.04     Incidental Expenses and Encumbrances**

Until property distributed in accordance with this Article is delivered to the appropriate beneficiary or his or her Legal Representative, our Trustee shall pay the reasonable expenses of securing, storing, insuring, packing, transporting, and otherwise caring for the property as an administration expense. Except as otherwise provided in our trust, our Trustee shall distribute property under this Article subject to all liens, security interests, and other encumbrances on the property.

#### **Section 6.05     Residuary Distribution**

The deceased Grantor's remaining property will be administered as provided in the following Articles.

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## **Article Seven**

### **Creating Trust Shares upon the Death of a Grantor**

Our Trustee shall administer the deceased Grantor's remaining trust property as provided in this Article.

#### **Section 7.01 Allocation to the Survivor's Trust**

Our Trustee shall allocate all of the deceased Grantor's remaining trust property to the Survivor's Trust, and shall administer the property as provided in Article Eight.

#### **Section 7.02 Disposition of Property upon Disclaimer by the Surviving Grantor**

The surviving Grantor, the surviving Grantor's fiduciary, or the surviving Grantor's agent serving under a power of attorney may disclaim any portion of any interest in or power over property passing from the deceased Grantor to or for the surviving Grantor's benefit under this instrument. If the surviving Grantor disclaims any property that would otherwise be allocated to the Survivor's Trust, our Trustee shall allocate the disclaimed property to the Non-Marital Share. Our Trustee shall administer the Non-Marital Share as provided in Article Nine.

If the surviving Grantor disclaims the surviving Grantor's interest in any portion of the Non-Marital Share, our Trustee shall dispose of the disclaimed interest as though the surviving Grantor had predeceased the deceased Grantor.

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## **Article Eight**

### **The Survivor's Trust**

Our Trustee shall administer the Survivor's Trust as provided in this Article.

#### **Section 8.01    Trustee of the Survivor's Trust**

The surviving Grantor may serve as sole Trustee of the Survivor's Trust. The surviving Grantor may remove and replace the Trustee of the Survivor's Trust at any time, with or without cause. Notwithstanding any other provision in this instrument, the surviving Grantor may appoint any individual or corporate fiduciary to serve as Trustee of the Survivor's Trust.

#### **Section 8.02    The Surviving Grantor's Right to Amend**

Except as otherwise provided in this Article, the surviving Grantor also has the absolute right to amend, restate, or revoke the Survivor's Trust's terms, in whole or in part, for any purpose. The amendment, restatement, or revocation of the Survivor's Trust must be in writing and signed by the surviving Grantor and the Trustee of the Survivor's Trust.

#### **Section 8.03    Survivor's Trust As Only Trust**

If the Survivor's Trust is the only trust established on the death of the deceased Grantor, a transfer to that trust need not be evidenced by a change of title.

#### **Section 8.04    Separate Share for Deceased Grantor's Trust Property**

If the Survivor's Trust becomes the beneficiary of death benefits under any qualified retirement plan, our Trustee shall hold this property in a separate share of the Survivor's Trust during the surviving Grantor's lifetime. Our Trustee shall administer the separate share in accordance with all of this Article's provisions. But, notwithstanding any other provision of this Article, the surviving Grantor may not amend the terms of the separate share.

The purpose of the separate share is to keep the deceased Grantor's trust property and its accumulated income separate from the main share during the lifetime of the surviving Grantor, in order to qualify the separate share as a designated beneficiary under qualified retirement plans.

Our Trustee shall distribute as much of the principal and accumulated income of the separate share to the main share of the Survivor's Trust as the surviving Grantor directs. This right to direct distribution from the separate share to the main account may be exercised only by the surviving Grantor.

#### **Section 8.05    Distribution of Income**

Notwithstanding any other provision in this instrument, our Trustee shall distribute all of the net income of the Survivor's Trust, including net income generated by property held as a separate share of the Survivor's Trust that was previously the deceased Grantor's

property, to the surviving Grantor at least quarter-annually. Nothing contained in this instrument may limit the right of the surviving Grantor to receive the Survivor's Trust's entire net income.

### **Section 8.06      Distributions of Principal**

Notwithstanding any other provision in this instrument, our Trustee shall distribute as much of the principal of the Survivor's Trust, including property held as a separate share of the Survivor's Trust that was previously the deceased Grantor's property, to the surviving Grantor as he or she directs for any reason.

Our Trustee may also distribute as much of the principal of the Survivor's Trust to the surviving Grantor as our Trustee determines necessary or advisable for any purpose.

### **Section 8.07      Unproductive Property**

At the direction of the surviving Grantor, our Trustee shall convert any unproductive property held in the Survivor's Trust to productive property.

### **Section 8.08      Trust Distributions during the Incapacity of the Surviving Grantor**

During any time the surviving Grantor is incapacitated, our Trustee shall administer the Survivor's Trust according to the provisions of Section 4.01.

### **Section 8.09      General Power of Appointment**

Notwithstanding any other provision in this instrument, the surviving Grantor may appoint all or any portion of the principal and undistributed income remaining in the Survivor's Trust, including property and undistributed income generated by the property held as a separate share of the Survivor's Trust that was previously the deceased Grantor's property, at the surviving Grantor's death among one or more persons or entities, including the creditors of the surviving Grantor's estate. The surviving Grantor has the exclusive right to exercise this general power of appointment.

### **Section 8.10      Administration following the Surviving Grantor's Death**

The Survivor's Trust becomes irrevocable upon the death of the surviving Grantor, and our Trustee shall administer the Survivor's Trust consistent with the provisions of Article Five for administration following the death of the first of us to die.

Upon completion of the administrative tasks, our Trustee shall administer the unappointed balance or remainder of the Survivor's Trust as provided in Article Ten.

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## **Article Nine**

### **The Family Trust**

Our Trustee shall hold and administer the Non-Marital Share in a separate trust as provided in this Article. This document refers to the trust as the *Family Trust*.

#### **Section 9.01    Family Trust Beneficiary**

The surviving Grantor is the only beneficiary of the Family Trust during the surviving Grantor's lifetime.

#### **Section 9.02    Distribution of Income and Principal**

Our Trustee shall distribute as much income and principal of the Family Trust to the surviving Grantor as our Trustee determines necessary or advisable for the surviving Grantor's health, education, maintenance, or support.

Any undistributed net income must be accumulated and added to principal.

#### **Section 9.03    Guidelines to Our Trustee**

The surviving Grantor is the only beneficiary of the Family Trust. In making discretionary distributions under this Article, our Trustee should bear in mind that our primary concern and objective is to provide for the well-being of the surviving Grantor, and the preservation of principal is not as important as this objective.

Without limiting our Trustee's discretion, we recommend that our Trustee not distribute principal from the Family Trust to the surviving Grantor until the principal of the Survivor's Trust is substantially exhausted.

#### **Section 9.04    Termination of the Family Trust**

The Family Trust will terminate upon the death of the surviving Grantor and our Trustee shall administer the balance or remainder of the Family Trust as provided in Article Ten.

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## **Article Ten**

### **Our Descendants' Trusts**

Upon the death of the survivor of us, our Trustee shall administer and distribute our remaining trust property (not distributed under prior Articles of this instrument), or other property allocated to this Article under the terms of this Article

#### **Section 10.01 Division of Our Trust Property**

Our Trustee shall divide our remaining trust property into separate shares for our descendants, *per stirpes*.

Our Trustee shall administer the share for each of our descendants in a separate trust for the descendant's benefit as provided in the next Section.

#### **Section 10.02 Administration of Descendants' Trusts**

Our Trustee shall administer the trust for each descendant as follows:

##### **(a) Distributions of Income and Principal**

Our Trustee shall distribute to the beneficiary as much of the income and principal of the beneficiary's trust as our Trustee determines necessary or advisable for the health, education, maintenance, or support of the beneficiary.

Our Trustee shall add any undistributed net income to principal.

##### **(b) Guidelines for Discretionary Distributions**

In making discretionary distributions to the beneficiary, we desire to encourage the beneficiary to develop a strong work ethic, to be a productive and contributing member of society, and to provide for those who are dependent on the beneficiary for care and support. Accordingly, we request that our Trustee always consider the other known resources available to the beneficiary before making discretionary distributions. We desire that preservation of principal be a priority for purposes of this trust and that the beneficiary show genuine need before our Trustee makes any discretionary distribution.

##### **(c) Right to Withdraw Principal**

When the beneficiary has reached one or more of the following ages, or if the beneficiary has already reached one of the following ages upon the funding of the trust established for the beneficiary, the beneficiary may withdraw from the beneficiary's trust, at any time, amounts not to exceed in the aggregate:

25% of the accumulated trust income and principal, after reaching 21 years of age;

increased by 25% of the accumulated trust income and principal not already subject to withdrawal, calculated by taking the total accumulated trust income and principal and deducting any amount already subject to withdrawal but not actually withdrawn, after reaching 25 years of age; and

all or any portion of the accumulated trust income and principal, after reaching 30 years of age.

These withdrawal rights are cumulative and the amount of each successive withdrawal right will be added to any existing withdrawal right. The amount of each withdrawal right will be determined by applying the applicable fraction to the trust's principal and accumulated income as of the date the beneficiary first has the right to exercise the withdrawal right.

The beneficiary may exercise this right at any time by delivering written notice to our Trustee, setting forth the desired withdrawal amount. Upon receiving a notice, our Trustee shall convey and deliver the requested amount to the beneficiary, free of trust. This right of withdrawal is a privilege that may be exercised only by the beneficiary, may not be subject to the claims of any creditor or to legal process, and may not be voluntarily or involuntarily alienated or encumbered. This provision does not limit the beneficiary's exercise of any power of appointment the beneficiary may have.

#### **(d) Distribution upon the Death of the Beneficiary**

If the beneficiary dies after the beneficiary's trust is established, but before the complete distribution of the beneficiary's trust, our Trustee shall distribute the remaining trust property *per stirpes* in trusts to the beneficiary's descendants. If the beneficiary has no then-living descendants, our Trustee shall distribute the balance of the trust property *per stirpes* in trusts to our descendants. Our Trustee shall administer the trusts under the same terms as the beneficiary's trust.

If we have no then-living descendants, our Trustee shall distribute the balance of the trust property as provided in Article Eleven.

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## **Article Eleven**

### **Remote Contingent Distribution**

If at any time no person or entity is qualified to receive final distribution of any part of our trust estate, this portion of our trust estate must be distributed one-half to those persons who would inherit it had S1 Test then died intestate owning this property, and one-half to those persons who would inherit it had S2 Test then died intestate owning this property. This distribution will be as determined and proportioned under the laws of California then in effect.

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## **Article Twelve**

### **Distributions to Underage and Incapacitated Beneficiaries**

If our Trustee is authorized or directed under any provision of this trust to distribute net income or principal to a person who has not yet reached 21 years of age or who is incapacitated as defined in Section 16.08(i), our Trustee may make the distribution by any one or more of the methods described in Section 12.01. Alternatively, our Trustee may retain the trust property in a separate trust to be administered by our Trustee under Section 12.02.

We request that before making a distribution to a beneficiary, our Trustee consider, to the extent reasonable, the ability the beneficiary has demonstrated in managing prior distributions of trust property.

#### **Section 12.01 Methods of Distribution**

Our Trustee may distribute trust property for any beneficiary's benefit, subject to the provisions of this Article in any one or more of the following methods:

Our Trustee may distribute trust property directly to the beneficiary.

Our Trustee may distribute trust property to the beneficiary's guardian, conservator, parent, other family member, or any person who has assumed the responsibility of caring for the beneficiary.

Our Trustee may distribute trust property to any person or entity, including our Trustee, as custodian for the beneficiary under the Uniform Transfers to Minors Act or similar statute.

Our Trustee may distribute trust property to other persons and entities for the beneficiary's use and benefit.

Our Trustee may distribute trust property to an agent or attorney in fact authorized to act for the beneficiary under a valid durable power of attorney executed by the beneficiary before becoming incapacitated.

#### **Section 12.02 Retention in Trust**

Our Trustee may retain and administer trust property in a separate trust for any beneficiary's benefit, subject to the provisions of this Article as follows.

##### **(a) Distribution of Net Income and Principal**

Our Independent Trustee may distribute to the beneficiary as much of the net income and principal of any trust created under this Section as our Independent Trustee may determine advisable for any purpose. If there is no then-serving Independent Trustee, our Trustee shall distribute to the beneficiary as much of the net income and principal of the trust created under this Section as our Trustee determines is necessary or advisable for

the beneficiary's health, education, maintenance, or support. Any undistributed net income will be accumulated and added to principal.

**(b) Right of Withdrawal**

When the beneficiary whose trust is created under this Section either reaches 21 years of age or is no longer incapacitated, the beneficiary may withdraw all or any portion of the accumulated net income and principal from the trust.

**(c) Distribution upon the Death of the Beneficiary**

Subject to the terms of the next paragraph, the beneficiary whose trust is created under this Section may appoint all or any portion of the principal and undistributed net income remaining in the beneficiary's trust at the beneficiary's death among one or more persons or entities, and the creditors of the beneficiary's estate. The beneficiary has the exclusive right to exercise this power of appointment.

The beneficiary may not exercise this power of appointment to appoint to the beneficiary, the beneficiary's estate, the beneficiary's creditors, or creditors of the beneficiary's estate from the *limited share* of the beneficiary's trust. For purposes of this power of appointment, the *limited share* of the beneficiary's trust is that portion of the beneficiary's trust that has an inclusion ratio for generation-skipping transfer tax purposes of zero or that without the exercise of the power of appointment, would not constitute a taxable generation-skipping transfer at the beneficiary's death. If the generation-skipping tax does not then apply, the limited share will be the beneficiary's entire trust.

If any part of the beneficiary's trust is not effectively appointed, our Trustee shall distribute the remaining unappointed balance *per stirpes* to the beneficiary's descendants. If the beneficiary has no then-living descendants, our Trustee shall distribute the unappointed balance *per stirpes* to the descendants of the beneficiary's nearest lineal ancestor who was a descendant of ours or, if there is no then-living descendant, *per stirpes* to our descendants.

If we have no then-living descendants, our Trustee shall distribute the balance of the trust property as provided in Article Eleven.

### **Section 12.03 Application of Article**

Any decision made by our Trustee under this Article is final, controlling, and binding upon all beneficiaries subject to the provisions of this Article.

The provisions of this Article do not apply to distributions to either of us from any trust established under this trust.

Further, the provisions of this Article do not apply to distributions that are required to be made to a beneficiary under the provisions of Section 13.01 except to the extent that a

beneficiary qualifies as a chronically ill or disabled eligible designated beneficiary under Internal Revenue Code Section 401(a)(9).

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## **Article Thirteen**

### **Retirement Plans and Life Insurance Policies**

The provisions of this Article apply to qualified retirement plans and insurance policies owned by or made payable to our trust.

#### **Section 13.01 Retirement Plans**

Notwithstanding any contrary provision in this trust, this Section's provisions apply to qualified retirement plans.

##### **(a) Rights of Our Trustee**

Subject to the provisions below pertaining to distributions from qualified retirement plans, our Trustee may exercise the right to determine the manner and timing of payments of qualified retirement plan benefits that are permitted and are consistent with the federal income tax rules regarding required minimum distributions under Internal Revenue Code Section 401(a)(9).

Our Trustee may make a qualified disclaimer of any qualified retirement benefits or non-qualified annuity benefits payable to our trust.

No beneficiary may hold our Trustee liable for any decision regarding the selection of the death benefit election or the disclaimer of any qualified retirement benefits payable to our trust.

Our Trustee may not change or designate beneficiaries under any retirement plan. Any power extended to our Trustee under the terms of a retirement plan that gives or appears to give our Trustee the power to change the identity or rights of any beneficiaries under the plan is void *ab initio*.

##### **(b) Distributions from Qualified Retirement Plans to a Trust That Qualifies for the Federal Estate Tax Marital Deduction**

To the extent that any part of any tax-favored retirement plan is allocated to the Survivor's Trust, our Trustee may (or must, if so requested by the surviving Grantor) cause the plan or part of the plan to be paid directly to the surviving Grantor as beneficiary, or must (if so required by the surviving Grantor) cause the plan or part of the plan to be transferred directly into another retirement plan in the surviving Grantor's name, without the intervening step of transferring it to the Survivor's Trust.

If any trust that qualifies for the federal estate tax marital deduction (a *Marital Deduction Trust*) becomes the beneficiary of death benefits under any qualified retirement plan, each year, beginning with the year of the deceased Grantor's death, our Trustee must withdraw at least the greater of

the net income earned on such Marital Deduction Trust's share of the plan during the year, and

the required minimum distribution to be withdrawn from such Marital Deduction Trust's share of the plan under Internal Revenue Code Section 401(a)(9).

Our Trustee may withdraw additional amounts from the Marital Deduction Trust's share of the plan as our Trustee deems advisable for the surviving Grantor's health, education, maintenance, or support. Our Trustee must immediately distribute all amounts withdrawn to the surviving Grantor.

In the year of the surviving Grantor's death, any amount that would have been required to be distributed to the surviving Grantor but for the surviving Grantor's death must be distributed to the remainder beneficiary. Thereafter, all remaining assets must be withdrawn by December 31 of the year that contains the tenth anniversary of the surviving Grantor's death.

This subsection's purpose is to ensure that the life expectancy of the surviving Grantor may be used to calculate the required minimum distributions to be made to the surviving Grantor by the Internal Revenue Code and that the distributions required to be withdrawn for remainder beneficiaries comply with the requirements of Internal Revenue Code Section 401(a)(9). Our intent is that the Marital Deduction Trust will be a conduit trust and that the surviving Grantor will qualify as an eligible designated beneficiary under Internal Revenue Code Section 401(a)(9). This subsection is to be interpreted consistent with this intent, despite any direction to the contrary in this trust.

Notwithstanding any other provision of this trust, our Trustee shall treat annuity and other periodic payments from any qualified retirement plans in any given year as income, to the extent the distribution represents income generated and treated as generated by any qualified retirement plan for that year. If income information is not available, then our Trustee shall apportion the annuity and other periodic payments between principal and income in an equitable and practical manner under Section 14.10.

**(c) Distributions from Qualified Retirement Plans to Trusts Other Than Trusts That Qualify for the Federal Estate Tax Marital Deduction**

**(1) Conduit Trust Provisions**

Except as specifically provided otherwise in this instrument, if any trust created under this instrument, other than a Marital Deduction Trust, becomes the beneficiary of death benefits under any qualified retirement plan, and if the Primary Beneficiary of such trust at the time of a Grantor's death is a) the deceased Grantor's child who has not reached majority as defined in Section 401(a)(9) of the Internal

Revenue Code and applicable United States Treasury Regulations or b) an individual who is not more than ten years younger than the deceased Grantor, our Trustee must annually withdraw from the trust's share of the plan the required minimum distribution under Internal Revenue Code Section 401(a)(9). This subsection applies to any administrative trust created under Article Five. Our Trustee may withdraw additional amounts from the trust's share of the plan as our Trustee deems advisable for the beneficiary's health, education, maintenance, or support. Our Trustee shall immediately distribute all amounts withdrawn to the Primary Beneficiary of the trust. Our intent is that any such trust will be a conduit trust, the beneficiaries of which qualify as designated beneficiaries under Internal Revenue Code Section 401(a)(9).

Amounts withdrawn and distributed under these conduit trust provisions will reduce mandatory distribution amounts under other provisions of this trust that otherwise require distribution of all the trust's income.

If the deceased Grantor's child dies before reaching majority, our Trustee must distribute to the remainder beneficiary any remaining amount that would have been distributed to the child in the year of the child's death. All remaining qualified plan assets must be distributed by December 31 of the year that contains the tenth anniversary of the child attaining majority or the child's death, whichever occurs earlier.

In the year of the death of a Primary Beneficiary who is not more than ten years younger than the deceased Grantor, our Trustee must distribute to the remainder beneficiary the amount that would have been required to be distributed to the Primary Beneficiary but for the Primary Beneficiary's death. Thereafter, all remaining assets must be distributed by December 31 of the year that contains the tenth anniversary of the Primary Beneficiary's death.

## **(2) Accumulation Trust Provisions**

Except as specifically provided otherwise in this instrument, if any other trust created under this instrument becomes the beneficiary of death benefits under any qualified retirement plan, our Trustee must withdraw the trust's share of the plan assets in accordance with the provisions of Internal Revenue Code Section 401(a)(9). Our Trustee may withdraw additional amounts from the trust's share of the plan as our Trustee deems advisable for the beneficiary's health,

education, maintenance, or support. Our Trustee may distribute as much of the amounts withdrawn from the trust's share of the plan as our Trustee deems advisable for the beneficiary's health, education, maintenance, or support. Our intent is that any such trust will be an accumulation trust, the beneficiaries of which qualify as designated beneficiaries under Internal Revenue Code Section 401(a)(9).

Upon the death of the Primary Beneficiary of a trust governed by these accumulation trust provisions, our Trustee must withdraw any amounts remaining in the qualified retirement account in accordance with the provisions of Internal Revenue Code Section 401(a)(9).

### **(3) Purpose**

This subsection's purpose is to ensure that our Trustee may withdraw all required distributions within the maximum time period allowed by Internal Revenue Code Section 401(a)(9). This subsection is to be interpreted consistent with our intent, despite any direction to the contrary in this trust.

### **(d) Required Minimum Distribution**

In administering any trust where life expectancy may be used to calculate the applicable distribution period under Internal Revenue Code Section 401(a)(9), the required minimum distribution for each qualified retirement plan for any year is the greater of

the value of the qualified retirement plan determined as of the preceding year end, divided by the applicable distribution period, and

the amount that our Trustee is required to withdraw under the laws then applicable to the trust to avoid penalty.

For purposes of determining the applicable distribution period, the designated beneficiary whose life expectancy must be used shall be determined as provided in Section 401(a)(9) of the Internal Revenue Code and applicable United States Treasury Regulations.

In administering any trust, where life expectancy may not be used to determine the applicable distribution period, the required minimum distribution for each qualified retirement plan for any year shall be the amount that our Trustee is required to withdraw under the laws then applicable to the trust under Internal Revenue Code Section 401(a)(9) to avoid penalty.

*Life expectancy, applicable distribution period, required minimum distribution, and other similar terms used in this subsection, are to be*

determined in accordance with Internal Revenue Code Section 401(a)(9) and applicable United States Treasury Regulations.

### **Section 13.02 Life Insurance Policies**

The following provisions apply to life insurance policies owned by or made payable to our trust.

#### **(a) Provisions during Our Lives**

During our lives, each of us individually reserves all of the rights, powers, privileges, and options, with respect to any insurance policy, annuity, or any other third-party beneficiary contract owned by or made payable to our trust. This includes the rights to designate and change beneficiaries, to borrow money, to surrender the policy, to receive any payments as owner, and to make any available elections.

Our Trustee does not have a duty to exercise or to not exercise any rights, powers, privileges, or options with respect to any insurance policy, annuity contract, or other third-party beneficiary contract. Our Trustee does not have an obligation to pay premiums or other contractual amounts that may be payable under any policy.

#### **(b) Provisions after Our Death**

After the death of a Grantor, our Trustee may make all appropriate elections with respect to these policies and may collect all sums made payable to our trust or to our Trustee under all these policies or contracts.

Our Trustee may exercise any settlement options or other options or rights that may be available under the terms of any policy or contract. No beneficiary may hold our Trustee liable because of any election our Trustee has made with respect to any policy or contract.

### **Section 13.03 Liability of Payor**

Persons or entities dealing in good faith with our Trustee are not required to see to the proper application of proceeds delivered to our Trustee, or to inquire into any provision of this trust.

A receipt signed by our Trustee for any proceeds or benefits paid will be a sufficient discharge to the person or entity making the payment.

### **Section 13.04 Collection Efforts**

Our Trustee shall make reasonable efforts to collect all life insurance policy proceeds and qualified retirement benefits payable to our trust.

Our Trustee may commence legal or administrative proceedings to collect any life insurance policy proceeds or qualified retirement benefits to which the trust is entitled. Our Trustee need not begin these proceedings until our Trustee is satisfactorily indemnified for any expenses and liabilities our Trustee may incur in connection with the proceeding.

Our Trustee may settle any claims with respect to the collection of any life insurance proceeds or qualified retirement benefits to which our trust may be entitled. A settlement made by our Trustee is binding on all beneficiaries.

### **Section 13.05 No Obligation to Purchase or Maintain Benefits**

Nothing in this trust imposes any obligation on either of us or on our Trustee to purchase, invest, or maintain any qualified retirement plan or life insurance policy.

(Remainder of page intentionally left blank.)

## **Article Fourteen**

### **Trust Administration**

#### **Section 14.01 Distributions to Beneficiaries**

Whenever this trust authorizes or directs our Trustee to make a net income or principal distribution to a beneficiary, our Trustee may apply any property that otherwise could be distributed directly to the beneficiary for his or her benefit. Our Trustee is not required to inquire into the beneficiary's ultimate disposition of the distributed property unless specifically directed otherwise by this trust.

Our Trustee may make cash distributions, in-kind distributions, or distributions partly in each, in proportions and at values determined by our Trustee. Our Trustee may allocate undivided interests in specific assets to a beneficiary or trust in any proportion or manner that our Trustee determines, even though the property allocated to one beneficiary may be different from that allocated to another beneficiary.

Our Trustee may make these determinations without regard to the income tax attributes of the property and without the consent of any beneficiary.

#### **Section 14.02 Beneficiary's Status**

Until our Trustee receives notice of the incapacity, birth, marriage, death, or other event upon which a beneficiary's right to receive payments may depend, our Trustee will not be held liable for acting or not acting with respect to the event, or for disbursements made in good faith to persons whose interest may have been affected by the event. Unless otherwise provided in this trust, a parent or Legal Representative may act on behalf of a minor or incapacitated beneficiary.

Our Trustee may rely on any information provided by a beneficiary with respect to the beneficiary's assets and income. Our Trustee will have no independent duty to investigate the status of any beneficiary and will not incur any liability for not doing so.

#### **Section 14.03 Mandatory Payments of a Pecuniary Amount**

If any person holds the right to receive a pecuniary amount from our trust upon our death, our Trustee must either:

- satisfy the entire pecuniary amount or irrevocably set aside property to satisfy the entire pecuniary amount within 15 months of our death; or
- pay appropriate interest, as defined in Treasury Regulations Section 26.2642-2(b)(4)(ii)(B), to the person.

If our Trustee satisfies the pecuniary amount with an in-kind distribution, our Trustee will allocate assets to satisfy the pecuniary amount in a manner that fairly reflects net appreciation or depreciation in the value of the available assets, as measured from the valuation date to the payment date.

## **Section 14.04 No Court Proceedings**

Our Trustee shall administer this trust with efficiency, with attention to the provisions of this trust, and with freedom from judicial intervention. If our Trustee or another interested party institutes a legal proceeding, the court will acquire jurisdiction only to the extent necessary for that proceeding. Any proceeding to seek instructions or a court determination may only be initiated in the court with original jurisdiction over matters relating to the construction and administration of trusts. Seeking instructions or a court determination is not to be construed as subjecting this trust to the court's continuing jurisdiction.

We suggest, but do not require, that any questions or disputes that arise during the administration of this trust be resolved by mediation and, if necessary, arbitration in accordance with the Uniform Arbitration Act. Each interested party involved in the dispute, including any Trustee involved, may select an arbiter and, if necessary to establish a majority decision, these arbiters may select an additional arbiter. The decision of a majority of the arbiters selected will control with respect to the matter.

## **Section 14.05 No Bond**

Our Trustee is not required to furnish any bond for the faithful performance of the Trustee's duties unless required by a court of competent jurisdiction, and only if the court finds that a bond is needed to protect the beneficiaries' interests. No surety will be required on any bond required by any law or court rule, unless the court specifies its necessity.

## **Section 14.06 Exoneration of Our Trustee**

No successor Trustee is obligated to examine the accounts, records, or actions of any previous Trustee or the Personal Representative of a deceased Grantor. No successor Trustee may be held responsible for any act, omission, or forbearance by any previous Trustee or of the Personal Representative of a deceased Grantor. Absent clear and convincing evidence of willful bad faith on the part of our Trustee, our Trustee is exonerated from any liability for the acts, omissions, or forbearances of any Trust Protector and from any liability for our Trustee's own acts, omissions, or forbearances directed by the Trust Protector.

Any Trustee may obtain written agreements from the beneficiaries or their Legal Representatives releasing and indemnifying the Trustee from any liability that may have arisen from the Trustee's acts, omissions, or forbearances. If acquired from all the trust's living beneficiaries or their Legal Representatives, any agreement is conclusive and binding on all parties, born or unborn, who may have or who may later acquire an interest in the trust.

Our Trustee may require a refunding agreement before making any distribution or allocation of trust income or principal, and may withhold distribution or allocation pending determination or release of a tax or other lien. This refunding agreement provision will not apply to any distribution that qualifies for the federal estate tax unlimited marital deduction or the federal estate tax charitable deduction.

## **Section 14.07 Trustee Compensation**

An individual serving as Trustee is entitled to fair and reasonable compensation for the services provided as a fiduciary. A corporate fiduciary serving as Trustee will be compensated by agreement between an individual serving as Trustee and the corporate fiduciary. In the absence of an individual Trustee or an agreement, a corporate fiduciary will be compensated in accordance with the corporate fiduciary's current published fee schedule.

A Trustee may charge additional fees for services provided that are beyond the ordinary scope of duties, such as fees for legal services, tax return preparation, and corporate finance or investment banking services.

In addition to receiving compensation, a Trustee may be reimbursed for reasonable costs and expenses incurred in carrying out the Trustee's duties under this trust.

## **Section 14.08 Employment of Professionals**

Our Trustee may appoint, employ, and remove investment advisors, accountants, auditors, depositories, custodians, brokers, consultants, attorneys, advisors, agents, and employees to advise or assist in the performance of our Trustee's duties. Our Trustee may act on the recommendations of the persons or entities employed, with or without independent investigation.

Our Trustee may reasonably compensate an individual or entity employed to assist or advise our Trustee, regardless of any other relationship existing between the individual or entity and our Trustee.

Our Trustee may compensate providers of contracted services at the usual rate out of the trust's income or principal, as our Trustee deems advisable. Our Trustee may compensate an individual or entity employed to assist or advise our Trustee without diminishing the compensation the Trustee is entitled to under this trust. A Trustee who is a partner, stockholder, officer, director, or corporate affiliate in any entity employed to assist or advise our Trustee may still receive the Trustee's share of the compensation paid to the entity.

## **Section 14.09 Exercise of Testamentary Power of Appointment**

A testamentary power of appointment granted under this trust may be exercised by a will or living trust specifically referring to the power of appointment. The holder of a testamentary power of appointment may exercise the power to appoint property among the permissible appointees in equal or unequal proportions, and may designate the terms and conditions, whether outright or in trust. The holder of a testamentary power of appointment may grant further powers of appointment to any person to whom principal may be appointed, including a presently exercisable limited or general power of appointment.

Our Trustee may conclusively presume that any testamentary power of appointment granted to any beneficiary of a trust created under this trust has not been exercised by the beneficiary if our Trustee has no knowledge of the existence of a will or living trust exercising the power within three months after the beneficiary's death.

## **Section 14.10 Determination of Principal and Income**

The rights among beneficiaries in matters concerning principal and income are to be determined in accordance with the California Uniform Principal and Income Act, Probate Code §§ 16320 et seq. If the California Uniform Principal and Income Act, Probate Code §§ 16320 et seq does not contain a provision concerning a particular item, our Trustee shall determine what will be credited, charged, and apportioned between principal and income in a fair, equitable, and practical manner with respect to that item.

Notwithstanding any provision of the California Uniform Principal and Income Act, Probate Code §§ 16320 et seq or California law to the contrary, our Trustee shall treat distributions from any qualified retirement account to any trust established under this trust in any given year as income to the extent the distribution represents income generated or treated as generated by any qualified retirement account for that year.

### **(a) Annuity and Other Periodic Payments**

*Annuity and other periodic payments* refers to distributions made to our Trustee over a fixed number of years or during the life of one or more individuals because of services provided or property transferred to the payor in exchange for future payments. This includes payments made in money or property from the payor's general assets or from a separate fund created by the payor, including a private or commercial annuity, individual retirement annuity, pension, profit-sharing plan, stock-bonus plan, stock-ownership plan, or similar arrangement. Our Trustee shall treat annuity and other periodic payments to any trust established under this trust in any given year as income to the extent the distribution represents income generated and treated as generated by the annuity or other periodic payment for that year. If income information is not available, then our Trustee shall apportion the annuity and other periodic payments between principal and income in a fair, equitable and practical manner under the guidelines set forth in this Section.

To the extent an annuity or other periodic payment is characterized as interest, dividend, or other item of income, or an annuity or other periodic payment is made instead of interest, dividend, or other item of income, our Trustee shall allocate the payment to income. Our Trustee shall allocate to principal the balance of the annuity or other periodic payment as well as any other payment received in the same accounting period that is not characterized as interest, dividend, or other item of income.

To the extent annuity and other periodic payments are made and no part of the payments are characterized as interest, dividend, or other item of income, our Trustee shall use the present value of the annuity and other periodic payments as finally determined for federal estate tax purposes, and the Internal Revenue Code Section 7520 rate used to determine the value for federal estate tax purposes to prepare an annuitization table to allocate the payments between income and principal.

If the amounts of annuity and other periodic payments change because of changes in the investment markets or other changes, our Trustee shall allocate the change in the amount of the payments between income and principal in a fair, equitable, and practical manner.

**(b) Protection of Estate Tax Marital Deduction**

If, to obtain an estate tax marital deduction for a trust established under this trust, our Trustee must allocate more of a payment to income than provided for by this Section, then our Trustee shall allocate to income the additional amount necessary to obtain the marital deduction.

**Section 14.11 Distributions from Roth IRAs**

Prior to taking any distribution from a qualified retirement plan, our Trustee will first determine the date that any Roth IRA was established, and then determine whether a distribution from that Roth IRA would be a qualified distribution as defined in Internal Revenue Code Section 408A(d)(2) or would be subject to any state or federal penalty taxes. Our Trustee shall take all reasonable precautions to ensure that a distribution from any Roth IRA is treated as a qualified distribution and reduce or avoid application of state or federal penalty taxes to the distribution.

**Section 14.12 Determination of Required Minimum Distributions**

We encourage our Trustee to seek the advice of a competent CPA, attorney, investment counselor or manager, or financial advisor and not to rely on the retirement account administrator, Trustee, or custodian to determine the required minimum distributions or any other federal or state tax issues associated with any qualified retirement plan assets payable to this trust.

**Section 14.13 Trust Accounting**

Except to the extent required by law, our Trustee is not required to file accountings in any jurisdiction. After the death of the first of us to die, our Trustee must provide an annual accounting to the Income Beneficiaries of any trust created under this trust unless waived by the Income Beneficiaries.

The annual accounting must include the receipts, expenditures, and distributions of income and principal and the assets on hand for the accounting period. A copy of the federal fiduciary tax return filed for a trust during the accounting will satisfy this reporting requirement.

In the absence of fraud or obvious error, assent by all Income Beneficiaries to a Trustee's accounting will make the matters disclosed in the accounting binding and conclusive upon all persons, including those living on this date and those born in the future who have or will have a vested or contingent interest in the trust property. In the case of an Income Beneficiary who is a minor or incapacitated, the beneficiary's natural guardian or Legal Representative may give the assent required under this Section.

A beneficiary may object to an accounting provided by our Trustee only by giving written notice to our Trustee within 180 days after our Trustee provides the accounting. Any

beneficiary who does not submit a timely written objection is considered to assent to the accounting.

Our Trustee must make the trust's financial records and documents available to beneficiaries at reasonable times and upon reasonable notice for inspection. Our Trustee is not required to furnish any information regarding our trust to anyone other than a beneficiary. Our Trustee may exclude any information our Trustee determines is not directly applicable to the beneficiary receiving the information.

In all events, a beneficiary's Legal Representative may receive any notices and take any action on behalf of the beneficiary as to an accounting. If any beneficiary's Legal Representative fails to object to any accounting in writing within 180 days after our Trustee provides the accounting, the beneficiary's Legal Representative will be considered to assent to the accounting.

#### **Section 14.14 Action of Trustees and Delegation of Trustee Authority**

When neither of us is serving as a Trustee, if two Trustees are eligible to act with respect to a given matter, they must agree unanimously for action to be taken unless the express terms of the Trustees' appointment provide otherwise. If more than two Trustees are eligible to act with respect to a given matter, the Trustees must agree by majority for action to be taken.

If our Trustees are unable to agree on a matter for which they have joint powers, we request that the matter be settled by mediation and then by arbitration, if necessary, in accordance with the Uniform Arbitration Act. Each of our Trustees may select an arbiter, and these arbiters may select an additional arbiter if necessary to establish a majority decision. The decision of a majority of the arbiters will control with respect to the matter.

A nonconcurring Trustee may dissent or abstain from a decision of the majority. A Trustee will be absolved from personal liability by registering the dissent or abstention in the trust records. After doing so, the dissenting Trustee must then act with our other Trustees in any way necessary or appropriate to effect the majority decision.

Notwithstanding the limitations set forth in this Section, unless a Trustee elects otherwise in a written instrument delivered to the other Trustees, whenever neither of us are serving as a Trustee, if two or more Trustees are then serving, any one Trustee may sign any checks, agreements, or other documents on behalf of the trust with the same effect as if all Trustees had signed. Persons dealing with the signing Trustee in good faith may rely upon the signing Trustee's authority to act on behalf of the trust without inquiry as to the other Trustees' agreement.

Subject to the limitations set forth in Section 15.25, any Trustee may, by written instrument, delegate to any other Trustee the right to exercise any power, including a discretionary power, granted to our Trustee in this trust. During the time a delegation under this Section is in effect, the Trustee to whom the delegation is made may exercise the power to the same extent as if the delegating Trustee has personally joined in the exercise of the power. The delegating Trustee may revoke the delegation at any time by giving written notice to the Trustee to whom the power was delegated.

## **Section 14.15 Trustee May Disclaim or Release Any Power**

Notwithstanding any provision of this trust to the contrary, any Trustee may relinquish any Trustee power in whole or in part, irrevocably or for any specified period of time, by a written instrument. The Trustee may relinquish a power personally or may relinquish the power for all subsequent Trustees.

## **Section 14.16 Trustee May Execute a Power of Attorney**

To the extent permitted by law, our Trustee may appoint any individual or entity to serve as our Trustee's agent under a power of attorney to transact any business on behalf of our trust or any other trust created under this trust.

## **Section 14.17 Additions to Separate Trusts**

If upon the death of the survivor of us, or upon the termination of any trust created under this trust, a final distribution is to be made to a person who is the Primary Beneficiary of another trust established under this trust, and there is no specific indication whether the distribution is to be made in trust or outright, our Trustee shall make the distribution to the second trust instead of distributing the property to the beneficiary outright. For purposes of administration, the distribution will be treated as though it had been an original part of the second trust.

## **Section 14.18 Authority to Merge or Sever Trusts**

Our Trustee may merge a trust created under this trust with any other trust, if the two trusts contain substantially the same terms for the same beneficiaries and have at least one Trustee in common. Our Trustee may administer the merged trust under the provisions of the instrument governing the other trust, and this trust will no longer exist if it merges into another trust. Accordingly, in the event another trust is merged into this trust or a trust created under the provisions of this trust document, our Trustee may shorten the period during which this trust subsists to comply with Section 16.01, if necessary, to effect the merger. But if a merger does not appear feasible, our Trustee may consolidate the trusts' assets for purposes of investment and trust administration while retaining separate records and accounts for each respective trust.

Our Trustee may sever any trust on a fractional basis into two or more separate and identical trusts, or may segregate a specific amount or asset from the trust property by allocating it to a separate account or trust. The separate trusts may be funded on a *non pro rata* basis including a *non pro rata* division of the community property under California Probate Code Section 100, but the funding must be based on the assets' total fair market value on the funding date. After the segregation, income earned on a segregated amount or specific asset passes with the amount or asset segregated. Our Trustee shall hold and administer each severed trust upon terms and conditions identical to those of the original trust.

Subject to the trust's terms, our Trustee may consider differences in federal tax attributes and other pertinent factors in administering the trust property of any separate account or trust, in making applicable tax elections and in making distributions. A separate trust created by severance must be treated as a separate trust for all purposes from the effective

severance date; however, the effective severance date may be retroactive to a date before our Trustee exercises the power.

### **Section 14.19 Authority to Terminate Trusts**

Our Independent Trustee may terminate any trust created under this trust at any time, if our Independent Trustee, in its sole and absolute discretion, determines that administering a trust created under this trust is no longer economical. Once distributed, our Trustee will have no further responsibility with respect to that trust property. Our Trustee will distribute the trust property from a terminated trust in this order:

to us, if we are both then living;

if one of us is deceased, to the surviving Grantor, if the surviving Grantor is then a trust beneficiary;

if we are both deceased or the surviving Grantor is not a trust beneficiary, to the beneficiaries then entitled to mandatory distributions of the trust's net income, in the same proportions; and then

if none of the beneficiaries are entitled to mandatory distributions of net income, to the beneficiaries then eligible to receive discretionary distributions of the trust's net income, in the amounts and shares our Independent Trustee determines.

### **Section 14.20 Discretionary Distribution to Fully Utilize Basis Increase upon Death of Beneficiary**

To the extent we have permitted our Trustee to make distributions of principal to a trust beneficiary, our Independent Trustee may distribute as much of the trust's principal to the beneficiary as our Independent Trustee determines advisable so that, upon the beneficiary's death, his or her estate may utilize the basis increase allowed under Internal Revenue Code Section 1014 without causing an increase in the federal estate tax.

Before making a distribution of property under this Section, we request that our Trustee determine whether or not a good reason exists to retain the property in trust, such as whether our Trustee or the beneficiary might sell the property in the near future, as well as protection of the beneficiary from creditors, protection of the beneficiary from failed marriages, and protection of the asset for future generations. Our Trustee has no liability to any beneficiary for any action or inaction by our Trustee under this Section, if made in good faith.

### **Section 14.21 Merger of Corporate Fiduciary**

If any corporate fiduciary acting as the Trustee under this trust is merged with or transfers substantially all of its trust assets to another corporation, or if a corporate fiduciary changes its name, the successor will automatically succeed to the trusteeship as if that successor had been originally named a Trustee. No document of acceptance of trusteeship will be required.

## **Section 14.22 Funeral and Other Expenses of Beneficiary**

Upon the death of an Income Beneficiary, our Trustee may pay the funeral expenses, burial or cremation expenses, enforceable debts, or other expenses incurred due to the death of the beneficiary from trust property. This Section only applies to the extent the Income Beneficiary has not exercised any testamentary power of appointment granted to the beneficiary under this trust.

Our Trustee may rely upon any request by the deceased beneficiary's Legal Representative or family members for payment without verifying the validity or the amounts and without being required to see to the application of the payment. Our Trustee may make decisions under this Section without regard to any limitation on payment of expenses imposed by statute or court rule and without obtaining the approval of any court having jurisdiction over the administration of the deceased beneficiary's estate.

## **Section 14.23 Marital Deduction Qualification**

The marital gift as described in Article Seven of this trust is intended to qualify for the federal estate tax marital deduction, and the provisions of this trust are to be construed to reflect this intent. To the extent that exercising a provision of this trust would disqualify the marital gift from the federal estate tax unlimited marital deduction, that provision is void.

(Remainder of page intentionally left blank.)

## **Article Fifteen**

### **Our Trustee's Powers**

#### **Section 15.01 Introduction to Trustee's Powers**

Except as otherwise specifically provided in this trust, our Trustee may exercise the powers granted by this trust without prior approval from any court, including those powers set forth under the laws of the State of California or any other jurisdiction whose law applies to this trust. The powers set forth in the California Probate Code §§ 16200-16249 are specifically incorporated into this trust.

Our Trustee shall exercise the Trustee powers in the manner our Trustee determines to be in the beneficiaries' best interests. Our Trustee must not exercise any power inconsistent with the beneficiaries' right to the enjoyment of the trust property in accordance with the general principles of trust law.

Our Trustee may have duties and responsibilities in addition to those described in this trust. We encourage any individual or corporate fiduciary serving as Trustee to obtain appropriate legal advice if our Trustee has any questions concerning the duties and responsibilities as Trustee.

#### **Section 15.02 Execution of Documents by Our Trustee**

Our Trustee may execute and deliver any written instruments that our Trustee considers necessary to carry out any powers granted in this trust.

#### **Section 15.03 Investment Powers in General**

Our Trustee may invest in any type of investment that our Trustee determines is consistent with the investment goals of the trust, whether inside or outside the geographic borders of the United States of America and its possessions or territories, taking into account the overall investment portfolio of the trust.

Without limiting our Trustee's investment authority in any way, we request that our Trustee exercise reasonable care and skill in selecting and retaining trust investments. We also request that our Trustee take into account the following factors in choosing investments:

- the potential return from the investment, both in income and appreciation;
- the potential income tax consequences of the investment;
- the investment's potential for volatility; and
- the role the investment will play in the trust's portfolio.

We request that our Trustee also consider the possible effects of inflation or deflation, changes in global and US economic conditions, transaction expenses, and the trust's need for liquidity while arranging the trust's investment portfolio.

Our Trustee may delegate his or her discretion to manage trust investments to any registered investment advisor or corporate fiduciary.

## **Section 15.04 Banking Powers**

Our Trustee may establish any type of bank account in any banking institutions that our Trustee chooses. If our Trustee makes frequent disbursements from an account, the account does not need to be interest bearing. Our Trustee may authorize withdrawals from an account in any manner.

Our Trustee may open accounts in the name of our Trustee, with or without disclosing fiduciary capacity, and may open accounts in the name of the trust. When an account is in the name of the trust, checks on that account and authorized signatures need not disclose the account's fiduciary nature or refer to any trust or Trustee.

## **Section 15.05 Business Powers**

If the trust owns or acquires an interest in a business entity, whether as a shareholder, partner, general partner, sole proprietor, member, participant in a joint venture, or otherwise, our Trustee may exercise the powers and authority provided for in this Section. The powers granted in this Section are in addition to all other powers granted to our Trustee in this trust.

### **(a) No Duty to Diversify**

Notwithstanding any duty to diversify imposed by state law or any other provision of this trust, our Trustee may acquire or indefinitely retain any ownership interest in or indebtedness of any closely held or nonpublicly traded entity in which the trust, we, our descendants, and the spouses of our descendants have an ownership interest (*the business interests*), and even though any business interest may constitute all or a substantial portion of the trust property. We specifically authorize our Trustee to invest or indefinitely retain all or any part of the trust property in these business interests, regardless of any resulting risk, lack of income, diversification, or marketability. We waive any applicable prudent investor rule, as well as the Trustee's standard of care and duty to diversify with respect to the acquisition or retention of these business interests.

We recognize that the value of a noncontrolling interest in a business entity may be less than the underlying value of the entity's net assets. Nevertheless, we authorize our Trustee to acquire or retain any noncontrolling business interests.

### **(b) Specific Management Powers**

Our Trustee has all power and authority necessary to manage and operate any business owned by the trust, whether directly or indirectly, including the express powers set forth in this Subsection. Our Trustee may participate directly in the conduct of the business, by serving as a general partner of a limited partnership, a member, manager or managing member of a limited liability company, or a shareholder of a corporation, or may employ others to serve in that capacity.

Our Trustee may participate in the management of the business and delegate management duties and powers to any employee, manager, partner, or associate of the business, without incurring any liability for the delegation. To the extent that the business interest held by the trust is not one that includes management powers (such as a minority stock interest, limited partnership interest, or a membership interest in a limited liability company), our Trustee has no obligation to supervise the management of the underlying assets, and no liability for the actions of those who do manage the business.

Our Trustee may enter into management trusts and nominee trusts in which our Trustee and the trust may serve as the exclusive manager or nominee of property or property interests on behalf of any limited partnership, limited liability company, or corporation.

Our Trustee, individually, or if our Trustee is a corporate fiduciary, then an employee of our Trustee, may act as a director, general or limited partner, associate, or officer of the business.

Our Trustee may participate with any other person or entity in the formation or continuation of a partnership either as a general or limited partner, or in any joint venture. Our Trustee may exercise all the powers of management necessary and incidental to a membership in the partnership, limited partnership, or joint venture, including making charitable contributions.

Our Trustee may reduce, expand, limit, or otherwise adjust the operation or policy of the business. Our Trustee may subject the trust's principal and income to the risks of the business for any term or period, as our Trustee determines.

For any business in which the trust has an interest, our Trustee may advance money or other property, make loans (subordinated or otherwise) of cash or securities, and guarantee the loans of others made to the business. Our Trustee may borrow money for the business, either alone or with other persons interested in the business, and may secure the loan or loans by a pledge or mortgage of any part of any trust property.

Our Trustee may select and vote for directors, partners, associates, and officers of the business. Our Trustee may enter into owners' agreements with a business in which the trust has an interest or with the other owners of the business.

Our Trustee may execute agreements and amendments to agreements as may be necessary to the operation of the business, including stockholder agreements, partnership agreements, buy-sell agreements, and operating agreements for limited liability companies.

Our Trustee may generally exercise any powers necessary for the continuation, management, sale, or dissolution of the business.

Our Trustee may participate in the sale, reorganization, merger, consolidation, recapitalization, or liquidation of the business. Our Trustee may sell or liquidate the business or business interest on terms our Trustee deems advisable and in the best interests of the trust and the beneficiaries. Our Trustee may sell any business interest held by the trust to one or more of the beneficiaries of this trust or to any trust in which a majority of the beneficiaries are beneficiaries of this trust. Our Trustee may make the sale in exchange for cash, a private annuity, an installment note, or any combination of those.

Our Trustee may exercise all of the business powers granted in this trust even though our Trustee may be personally invested in or otherwise involved with the business.

**(c) Business Liabilities**

If any tort or contract liability arises in connection with the business, and if the trust is liable, our Trustee will first satisfy the liability from the assets of the business, and only then from other trust property as determined by our Trustee.

**(d) Trustee Compensation**

In addition to the compensation set forth in Section 14.07, our Trustee may receive additional reasonable compensation for services in connection with the operation of the business. Our Trustee may receive this compensation directly from the business, the trust or both.

**(e) Conflicts of Interest**

Our Trustee may exercise all of the powers granted in this trust even though our Trustee may be involved with or have a personal interest in the business.

**Section 15.06 Contract Powers**

Our Trustee may sell at public or private sale, transfer, exchange for other property, and otherwise dispose of trust property for consideration and upon terms and conditions that our Trustee deems advisable. Our Trustee may grant options of any duration for any sales, exchanges, or transfers of trust property.

Our Trustee may enter into contracts, and may deliver deeds or other instruments, that our Trustee considers appropriate.

**Section 15.07 Common Investments**

For purposes of convenience with regard to the trust property's administration and investment, our Trustee may invest part or all of the trust property jointly with property of other trusts for which our Trustee is also serving as a Trustee. A corporate fiduciary acting as our Trustee may use common funds for investment. When trust property is managed and invested in this manner, our Trustee will maintain records that sufficiently identify this trust's portion of the jointly invested assets.

## **Section 15.08 Digital Assets**

Our Trustee has the authority to access, modify, control, archive, transfer, and delete our digital assets.

Digital assets include our sent and received emails, email accounts, digital music, digital photographs, digital videos, gaming accounts, software licenses, social-network accounts, file-sharing accounts, financial accounts, domain registrations, Domain Name System (DNS) service accounts, blogs, listservs, web-hosting accounts, tax-preparation service accounts, online stores and auction sites, online accounts, and any similar digital asset that currently exists or may be developed as technology advances.

Our digital assets may be stored in the cloud or on our own digital devices. Our Trustee may access, use, and control our digital devices in order to access, modify, control, archive, transfer, and delete our digital assets—this power is essential for access to our digital assets that are only accessible through our digital devices. Digital devices include desktops, laptops, tablets, peripherals, storage devices, mobile telephones, smartphones, and any similar hardware that currently exists or may be developed as technology advances.

## **Section 15.09 Environmental Powers**

Our Trustee may inspect trust property to determine compliance with or to respond to any environmental law affecting the property. For purposes of this trust, *environmental law* means any federal, state, or local law, rule, regulation, or ordinance protecting the environment or human health.

Our Trustee may refuse to accept property if our Trustee determines that the property is or may be contaminated by any hazardous substance or is or was used for any purpose involving hazardous substances that could create liability to the trust or to any Trustee.

Our Trustee may use trust property to:

- conduct environmental assessments, audits, or site monitoring;
- take remedial action to contain, clean up, or remove any hazardous substance including a spill, discharge, or contamination;
- institute, contest, or settle legal proceedings brought by a private litigant or any local, state, or federal agency concerned with environmental compliance;
- comply with any order issued by any court or by any local, state, or federal agency directing an assessment, abatement, or cleanup of any hazardous substance; and
- employ agents, consultants, and legal counsel to assist our Trustee in these actions.

Our Trustee is not liable for any loss or reduction in value sustained by the trust as a result of our Trustee's decision to retain property on which hazardous materials or substances requiring remedial action are discovered, unless our Trustee contributed to that loss through willful misconduct or gross negligence.

Our Trustee is not liable to any beneficiary or to any other party for any decrease in the value of property as a result of our Trustee's actions to comply with any environmental law, including any reporting requirement.

Our Trustee may release, relinquish, or disclaim any power held by our Trustee that our Trustee determines may cause our Trustee to incur individual liability under any environmental law.

## **Section 15.10 Farming and Ranching Operations**

If the trust owns or acquires an interest in a farm, ranch, or other agricultural property or business, our Trustee may exercise the authority and discretion provided in this Section. The powers granted in this Section are in addition to all other powers granted to our Trustee in this trust.

### **(a) Authority to Operate the Farm or Ranch**

Notwithstanding any duty to diversify imposed by state law, our Trustee may retain and continue to operate a farm or ranch, even though the interest may constitute all or a substantial portion of the trust property.

Our Trustee may take part in farm or ranch management, or hire a farm manager or a professional farm management service. Our Trustee may delegate any of the powers authorized by this Section to a hired farm manager or professional farm management service.

Our Trustee may purchase, sell, hold, manage, operate, lease, improve, and maintain the farm or ranch and any of its interests, and in general deal with all things necessary for operation as our Trustee deems advisable.

Our Trustee may buy, sell, and raise livestock; plant, cultivate, harvest, and sell cash crops; produce timber or forest products for sale; or lease or rent all or part of the farm or ranch for cash or a crop share.

Our Trustee may contract with hired labor, tenants, or sharecroppers.

Our Trustee may construct, repair, and improve farm buildings, fences, and other farm or ranch structures, including drainage facilities, wells, ponds, and lagoons. Our Trustee may participate in cooperative agreements concerning water and ditch rights.

Our Trustee may purchase or rent any kind of farm machinery, equipment, feed, and seed necessary to operate the farm or ranch.

Our Trustee may use approved soil conservation practices in order to conserve, improve, and maintain the soil's productivity. Our Trustee may engage in timber or forest conservation practices.

Our Trustee may engage in any farm program sponsored by any federal, state, or local governmental agency.

**(b) Business Liabilities**

If any tort or contract liability arises in connection with the farm or ranch, and if the trust is liable, our Trustee will first satisfy the liability from the assets of the farm or ranch, and only then from other property.

**(c) Trustee Compensation**

In addition to the compensation set forth in Section 14.07, our Trustee may receive additional reasonable compensation for services in connection with the operation of a farm or ranch. Our Trustee may receive this compensation directly from the farm or ranch, the trust, or both.

**(d) Conflicts of Interest**

Our Trustee may exercise all of the powers granted in this trust, even though our Trustee may be involved with or have a personal interest in the farm or ranch.

**Section 15.11 Insurance Powers**

Our Trustee may purchase, accept, hold, and deal with as owner, insurance policies on either or both of our lives, any beneficiary's life, or any person's life in whom any beneficiary has an insurable interest.

Our Trustee may purchase disability, medical, liability, longterm health care and other insurance on behalf of and for the benefit of any beneficiary. Our Trustee may purchase annuities and similar investments for any beneficiary.

Our Trustee may execute or cancel any automatic premium loan agreement with respect to any policy, and may elect or cancel any automatic premium loan provision in a life insurance policy. Our Trustee may borrow money to pay premiums due on any policy, either by borrowing from the company issuing the policy or from another source. Our Trustee may assign the policy as security for the loan.

Our Trustee may exercise any option contained in a policy with regard to any dividend or share of surplus apportioned to the policy to reduce the amount of a policy, to convert or exchange the policy, or to surrender a policy at any time for its cash value.

Our Trustee may elect any paid-up insurance or extended-term insurance nonforfeiture option contained in a policy.

Our Trustee may sell any policy at its fair market value to anyone having an insurable interest in the policy, including the insured.

Our Trustee may exercise any other right, option, or benefit contained in a policy or permitted by the issuing insurance company.

Upon termination of the trust, our Trustee may transfer and assign the policies held by the trust as a distribution of trust property.

## **Section 15.12 Loans and Borrowing Powers**

Our Trustee may make loans to, or guarantee the borrowing of, any person including a beneficiary, as well as an entity, trust, or estate, for any term or payable on demand, and secured or unsecured.

Our Trustee may encumber any trust property by mortgages, pledges, or otherwise, and may negotiate, refinance, or enter into any mortgage or other secured or unsecured financial arrangement, whether as a mortgagee or mortgagor. The term may extend beyond the trust's termination and beyond the period required for an interest created under this trust to vest in order to be valid under the rule against perpetuities.

Our Trustee may enter into, negotiate, or modify the terms of any mortgage or any other secured or unsecured agreement granted in connection with any loan entered into by either or both of us or by any Trustee, and may release or foreclose on any mortgage or security interest payable to either or both of us or to the trust.

Our Trustee may borrow money at interest rates and on other terms that our Trustee deems advisable from any person, institution, or other source including, in the case of a corporate fiduciary, its own banking or commercial lending department.

Our Trustee may purchase, sell at public or private sale, trade, renew, modify, and extend mortgages. Our Trustee may accept deeds instead of foreclosing.

## **Section 15.13 Nominee Powers**

Our Trustee may hold real estate, securities, and any other property in the name of a nominee or in any other form, without disclosing the existence of any trust or fiduciary capacity.

## **Section 15.14 Oil, Gas and Mineral Interests**

Our Trustee may acquire, maintain, develop, and exploit, either alone or jointly with others, any oil, gas, coal, mineral, or other natural resource rights or interests.

Our Trustee may drill, test, explore, mine, develop, extract, remove, convert, manage, retain, store, sell, and exchange any of those rights and interests on terms and for a price that our Trustee deems advisable.

Our Trustee may execute leases, pooling, unitization, and other types of agreements in connection with oil, gas, coal, mineral, and other natural resource rights and interests, even though the terms of those arrangements may extend beyond the trust's termination.

Our Trustee may execute division orders, transfer orders, releases, assignments, farm outs, and any other instruments that it considers proper.

Our Trustee may employ the services of consultants and outside specialists in connection with the evaluation, management, acquisition, disposition, and development of any mineral interest, and may pay the cost of the services from the trust's principal and income.

## **Section 15.15 Payment of Property Taxes and Expenses**

Except as otherwise provided in this trust, our Trustee may pay any property taxes, assessments, fees, charges, and other expenses incurred in the administration or protection of the trust. All payments will be a charge against the trust property and will be paid by our Trustee out of income. If the income is insufficient, then our Trustee may make any payments of property taxes or expenses out of the trust property's principal. Our Trustee's determination with respect to this payment will be conclusive on the beneficiaries.

## **Section 15.16 Purchase of Assets from and Loans to a Deceased Grantor's Probate Estate**

Upon the death of a Grantor, our Trustee may purchase at fair market value and retain in the form received any property that is a part of the deceased Grantor's probate or trust estate as an addition to the trust. In addition, our Trustee may make secured and unsecured loans to the deceased Grantor's probate or trust estate. Our Trustee may not be held liable for any loss suffered by the trust because of the exercise of the powers granted in this Section.

Our Trustee may not use any trust property for the benefit of the deceased Grantor's estate as defined in Code of Federal Regulations Title 26 Section 20.2042-1(b), unless the property is included in the deceased Grantor's gross estate for federal estate tax purposes.

## **Section 15.17 Qualified Real Property Valuation**

Our Independent Trustee has the power to amend the terms of a trust holding *qualified real property* as defined in Internal Revenue Code Section 2032A, in order to permit the qualified real property to qualify for special use valuation permitted under Section 2032A, even if the amendment changes beneficial interests and that directs the segregation of trust property into more than one trust.

## **Section 15.18 Qualified Tuition Programs**

Our Trustee may purchase tuition credits or certificates or make contributions to an account in one or more qualified tuition programs as defined under Internal Revenue Code Section 529 on a beneficiary's behalf for the purpose of meeting the beneficiary's qualified higher education expenses. With respect to an interest in any qualified tuition program, our Trustee may act as contributor, administering the interest by actions including:

- designating and changing the designated beneficiary of the interest in the qualified tuition program;
- requesting both qualified and nonqualified withdrawals;
- selecting among investment options and reallocating funds among different investment options;
- making rollovers to another qualified tuition program; and
- allocating any tax benefits or penalties to the beneficiaries of the trust.

Notwithstanding anything in this provision to the contrary, the designated beneficiary must always be a beneficiary of the trust from which the funds were distributed to establish the interest in the qualified tuition program. Investment in a qualified tuition program will not be considered a delegation of investment responsibility under any applicable statute or other law.

### **Section 15.19 Real Estate Powers**

Our Trustee may sell at public or private sale, convey, purchase, exchange, lease for any period, mortgage, manage, alter, improve, and in general deal in and with real property in the manner and on the terms and conditions as our Trustee deems appropriate.

Our Trustee may grant or release easements in or over, subdivide, partition, develop, raze improvements to, and abandon any real property.

Our Trustee may manage real estate in any manner considered best, and may exercise all other real estate powers necessary to effect this purpose.

Our Trustee may enter into contracts to sell real estate. Our Trustee may enter into leases and grant options to lease trust property, even though the term of the agreement extends beyond the termination of any trusts established under this trust and beyond the period that is required for an interest created under this trust to vest in order to be valid under the rule against perpetuities. Our Trustee may enter into any contracts, covenants, and warranty agreements that our Trustee deems appropriate.

### **Section 15.20 Residences and Tangible Personal Property**

Our Trustee may acquire, maintain, and invest in any residence for the beneficiaries' use and benefit, whether or not the residence is income producing and without regard to the proportion that the residence's value may bear to the trust property's total value, even if retaining the residence involves financial risks that Trustees would not ordinarily incur. Our Trustee may pay or make arrangements for others to pay all carrying costs of any residence for the beneficiaries' use and benefit, including taxes, assessments, insurance, maintenance, and other related expenses.

Our Trustee may acquire, maintain, and invest in articles of tangible personal property, whether or not the property produces income. Our Trustee may pay for the repair and maintenance of the property.

Our Trustee is not required to convert the property referred to in this Section to income-producing property, except as required by other provisions of this trust.

Our Trustee may permit any Income Beneficiary of the trust to occupy any real property or use any personal property owned by the trust on terms or arrangements that our Trustee determines, including rent free or in consideration for the payment of taxes, insurance, maintenance, repairs, or other charges.

Our Trustee is not liable for any depreciation or loss resulting from any decision to retain or acquire any property as authorized by this Section.

## **Section 15.21 Retention and Abandonment of Trust Property**

Our Trustee may retain any property constituting the trust at the time of its creation, at the time of the death of a Grantor, or as the result of the exercise of a stock option, without liability for depreciation or loss resulting from retention. Our Trustee may retain property, notwithstanding the fact that the property may not be of the character prescribed by law for the investment of assets held by a fiduciary, and notwithstanding the fact that retention may result in inadequate diversification under any applicable Prudent Investor Act or other applicable law.

Our Trustee may hold property that is not income producing or is otherwise nonproductive if holding the property is in the best interests of the beneficiaries in the sole and absolute discretion of our Trustee. On the other hand, our Trustee will invest contributions of cash and cash equivalents as soon as reasonably practicable after the assets have been acquired by the trust.

Our Trustee may retain a reasonable amount in cash or money market accounts to pay anticipated expenses and other costs, and to provide for anticipated distributions to or for the benefit of a beneficiary.

Our Trustee may abandon any property that our Trustee considers of insignificant value.

## **Section 15.22 Securities, Brokerage and Margin Powers**

Our Trustee may buy, sell, trade, and otherwise deal in stocks, bonds, investment companies, mutual funds, common trust funds, commodities, and other securities of any kind and in any amount, including short sales. Our Trustee may write and purchase call or put options, and other derivative securities. Our Trustee may maintain margin accounts with brokerage firms, and may pledge securities to secure loans and advances made to our Trustee or to or for a beneficiary's benefit.

Our Trustee may place all or any part of the securities held by the trust in the custody of a bank or trust company. Our Trustee may have all securities registered in the name of the bank or trust company or in the name of the bank's nominee or trust company's nominee. Our Trustee may appoint the bank or trust company as the agent or attorney in fact to collect, receive, receipt for, and disburse any income, and generally to perform the duties and services incident to a custodian of accounts.

Our Trustee may employ a broker-dealer as a custodian for securities held by the trust, and may register the securities in the name of the broker-dealer or in the name of a nominee; words indicating that the securities are held in a fiduciary capacity are optional. Our Trustee may hold securities in bearer or uncertificated form, and may use a central depository, clearing agency, or book-entry system, such as The Depository Trust Company, Euroclear, or the Federal Reserve Bank of New York.

Our Trustee may participate in any reorganization, recapitalization, merger, or similar transaction. Our Trustee may exercise or sell conversion or subscription rights for securities of all kinds and descriptions. Our Trustee may give proxies or powers of attorney that may be discretionary and with or without powers of substitution, and may vote or refrain from voting on any matter.

## **Section 15.23 Settlement Powers**

Our Trustee may settle any claims and demands in favor of or against the trust by compromise, adjustment, arbitration, or other means. Our Trustee may release or abandon any claim in favor of the trust.

## **Section 15.24 Subchapter S Corporation Stock Provisions**

During any period the trust is not treated as a grantor trust for tax purposes under Internal Revenue Code Section 671, this trust or any trust created under this trust may hold any S corporation stock held as a separate *Electing Small Business Trust*, or as a separate *Qualified Subchapter S Trust*, as provided in this Section.

For purposes of this Section, *S corporation stock* means all capital stock issued by a corporation (or other entity taxable as a corporation for federal income tax purposes) that is treated or is intended to be treated under Section 1361(a) as an *S corporation* for federal income tax purposes.

### **(a) Electing Treatment as an Electing Small Business Trust**

If our Trustee elects under Internal Revenue Code Section 1361(e)(3) to qualify any portion of the trust as an *Electing Small Business Trust*, our Trustee shall:

apportion a reasonable share of the unallocated expenses of all trusts created under this trust to the Electing Small Business Trust under the applicable provisions of the Internal Revenue Code and Treasury Regulations; and

administer the trust as an Electing Small Business Trust, under Internal Revenue Code Section 1361(e).

### **(b) Electing Treatment as a Qualified Subchapter S Trust**

If the current Income Beneficiary of the trust makes an election under Section 1361(d)(2) to qualify the trust as a Qualified Subchapter S Trust within the meaning of Section 1361(d)(3), our Trustee shall:

refer to the Qualified Subchapter S Trust using the same name as the trust to which the stock was originally allocated, plus the name of the current Income Beneficiary of the trust, followed by the letters QSST;

administer the Qualified Subchapter S Trust in accordance with the same provisions contained in the trust to which the Trustee allocated the S corporation stock, as long as the provisions of this Subsection control the trust administration to the extent that they are inconsistent with the provisions of the original trust; and

maintain the Qualified Subchapter S Trust as a separate trust held for the benefit of only one beneficiary as required in Section 1361(d)(3).

Our Trustee shall recommend that the current Income Beneficiary of the trust make a timely election to cause federal tax treatment of the trust as a Qualified Subchapter S Trust.

### **(1) Current Income Beneficiary**

The *current Income Beneficiary* of a Qualified Subchapter S Trust is the person who has a present right to receive income distributions from the trust to which the Trustee has allocated the S corporation stock. A Qualified Subchapter S Trust may have only one current Income Beneficiary.

If, under the terms of the trust, more than one person has a present right to receive income distributions from the trust originally holding the S corporation stock, our Trustee shall segregate the S corporation stock into separate Qualified Subchapter S Trusts for each of these people.

### **(2) Distributions**

Until the earlier of the death of the current Income Beneficiary or the date on which the trust no longer holds any S corporation stock (the *QSST termination date*), our Trustee shall distribute at least annually all of the trust's *net income*, as defined in Internal Revenue Code Section 643(b) to the current Income Beneficiary.

The terms of the trust to which the S corporation stock was originally allocated govern distributions of principal from the Qualified Subchapter S Trust. But until the QSST termination date, our Trustee may distribute principal only to the current Income Beneficiary of the Qualified Subchapter S Trust and not to any other person or entity.

If the Qualified Subchapter S Trust terminates during the lifetime of the current Income Beneficiary, our Trustee shall distribute all assets of the Qualified Subchapter S Trust to the current Income Beneficiary outright and free of the trust.

### **(3) Allocation of Income and Expenses**

Our Trustee shall characterize receipts and expenses of any Qualified Subchapter S Trust in a manner consistent with Internal Revenue Code Section 643(b).

### **(4) Trust Merger or Consolidation**

Notwithstanding any other provision of this trust that may seem to the contrary, our Trustee may not merge any Qualified Subchapter S Trust with another trust's assets if doing so would jeopardize the qualification of either trust as a Qualified Subchapter S Trust.

### **(c) Governance of the Trusts**

The following additional provisions apply to any separate trust created under this Section.

#### **(1) Protection of S Corporation Status**

Our Trustee must not administer a trust holding S corporation stock in a manner that would cause the termination of the S corporation status of the entity whose stock is held as part of the trust. Therefore, during any period that the trust holds S corporation stock, our Trustee must construe the terms and provisions of this trust in a manner that is consistent with the trust qualifying as an Electing Small Business Trust or as a Qualified Subchapter S Trust. Our Trustee must disregard any provision of this trust that cannot be so construed or applied.

#### **(2) Methods of Distribution**

Our Trustee may not make distributions in a manner that would jeopardize the trust's qualification as an Electing Small Business Trust or as a Qualified Subchapter S Trust.

#### **(3) Disposition of S Corporation Stock**

If our Trustee believes the continuation of any trust would result in the termination of the S corporation status of any entity whose stock is held as a part of the trust property, our Trustee, other than an Interested Trustee, in addition to the power to sell or otherwise dispose of the stock, has the power to distribute the stock to the person who is then entitled to receive the income from the trust.

## **Section 15.25 Limitation on Our Trustee's Powers**

All powers granted to Trustees under this trust or by applicable law are limited as set forth in this Section, unless explicitly excluded by reference to this Section. The limitations set forth in this Section do not apply to either of us while we are both alive, and do not apply if either of us is serving as Trustee of the Survivor's Trust.

### **(a) An Interested Trustee Limited to Ascertainable Standards**

An Interested Trustee may only make discretionary decisions when they pertain to a beneficiary's health, education, maintenance, or support as described under Internal Revenue Code Sections 2041 and 2514.

### **(b) Interested Trustee Prohibited from Acting**

Whenever this trust specifically prohibits or limits an Interested Trustee from exercising discretion or performing an act, then any Interested Trustee serving as our Trustee is prohibited from participating in the exercise of that

discretion or performance of that act. If there is no Trustee serving who is not an Interested Trustee, then an Independent Special Trustee may be appointed under the provisions of Section 3.08 to exercise the discretion or perform the act.

**(c) Exclusive Powers of Our Independent Trustee**

Whenever a power or discretion is granted exclusively to our Independent Trustee, then any Interested Trustee who is then serving as our Trustee is prohibited from participating in the exercise of the power or discretion. If there is no Independent Trustee then serving, then an Independent Special Trustee may be appointed under the provisions of Section 3.08 to exercise the power or discretion that is exercisable only by our Independent Trustee.

**(d) No Distributions in Discharge of Certain Legal Obligations**

Our Trustee may not exercise or participate in the exercise of discretion with respect to the distribution of income or principal that would in any manner discharge a legal obligation of our Trustee, including the obligation of support.

If a beneficiary or any other person has the power to remove a Trustee, that Trustee may not exercise or participate in the exercise of discretion with respect to the distribution of income or principal that would in any manner discharge a legal obligation of the person having the power to remove the Trustee, including that person's obligation of support.

**(e) Insurance Policy on the Life of Our Trustee**

If the trust holds a policy that insures the life of a Trustee, that Trustee may not exercise any powers or rights with respect to the policy. Instead, a Co-Trustee or an Independent Special Trustee must exercise the powers and rights with respect to the policy.

If any rule of law or court decision construes the ability of the insured Trustee to name an Independent Special Trustee as an incident of ownership of the policy, then a majority of the then current Income Beneficiaries (excluding the insured Trustee if he or she is a beneficiary) will select the Independent Special Trustee.

**(f) Insurance Policy on a Beneficiary's Life**

If the trust holds a policy that insures a beneficiary's life, the beneficiary, individually or as Trustee, may not exercise any power over the policy, its cash value, or its proceeds. This denial of power is intended to prevent an insured beneficiary from holding any power that would constitute an incident of ownership of the policy.

In addition, no distribution of income or principal to the insured beneficiary may be satisfied out of the policy's proceeds, cash value, or other economic benefit of the policy.

The limitations of this Subsection do not apply if, upon the beneficiary's death, the policy's proceeds would otherwise be included in the beneficiary's gross estate for federal estate tax purposes.

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## **Article Sixteen**

### **General Provisions**

#### **Section 16.01 Maximum Term for Trusts**

Notwithstanding any contrary provisions or unless terminated earlier under other provisions of this trust, each trust created under this trust document will terminate 21 years after the death of the last to die of the descendants of our paternal and maternal grandparents who are living at the time of the first of us to die.

At that time, the remaining trust property will vest in and be distributed to the persons entitled to receive mandatory distributions of the trust's net income, in the same proportions. If no beneficiary is entitled to mandatory distributions of net income, the remaining trust property will vest in and be distributed to the beneficiaries entitled to receive discretionary distributions of the trust's net income, in equal shares.

#### **Section 16.02 Spendthrift Provision**

All trusts created under this instrument shall be considered spendthrift trusts. No beneficiary may assign, anticipate, encumber, alienate, or otherwise voluntarily transfer the income or principal of any trust created under this instrument. In addition, neither the income nor the principal of any trust created under this instrument is subject to attachment, bankruptcy proceedings or any other legal process, the interference or control of creditors or others, or any involuntary transfer.

This Section does not restrict a beneficiary's right to disclaim any interest or exercise of any power of appointment granted in this instrument.

#### **Section 16.03 Contest Provision**

The right of a person to take any interest given to him or her under this trust or any trust created under this trust instrument will be determined as if the person predeceased the last of us to die without leaving any surviving descendants if that person, alone or in conjunction with any other person, engages in any of these actions:

contests by a claim of undue influence, fraud, menace, duress, or lack of testamentary capacity, or otherwise objects in any court to the validity of this trust, any trust created under the terms of this instrument, either of our Wills, or any beneficiary designation of an annuity, retirement plan, IRA, Keogh, pension, profit-sharing plan, or insurance policy signed by either of us, (collectively referred to in this Section as *Document* or *Documents*) or any amendments or codicils to any Document;

seeks to obtain adjudication in any court proceeding that a Document or any of its provisions is void, or otherwise seeks to void, nullify, or set aside a Document or any of its provisions;

files suit on a creditor's claim filed in a probate of the estate of either Grantor, against the trust estate, or any other Document, after rejection or lack of action by the respective fiduciary;

files a petition or other pleading to change the character (community, separate, joint tenancy, partnership, domestic partnership, real or personal, tangible or intangible) of property already characterized by a Document;

files a petition to impose a constructive trust or resulting trust on any assets of the trust estate; or

participates in any of the above actions in a manner adverse to the trust estate, such as conspiring with or assisting any person who takes any of these actions.

Our Trustee may defend any violation of this Section at the expense of the trust estate. A *contest* includes any action described above in an arbitration proceeding, but does not include any action described above solely in a mediation not preceded by a filing of a contest with a court.

But during any period in which the laws of the State of California govern the applicability or validity of this provision, California Probate Code Section 21311 will apply, and our Trustee may only enforce this provision against any of these types of contests:

a direct contest brought by any person without probable cause;

a pleading by any person to challenge a property transfer on the grounds that the transferor did not own the property at the transfer time; and

any filing of a creditor's claim or prosecution of any action based on the filing of a claim of this kind.

The terms *direct contest*, and *pleading* have the same meanings as set forth in California Probate Code Section 21310. This trust and any trusts created in this instrument are *protected instruments* as provided in California Probate Code Section 21310(e).

#### **Section 16.04 Slayer Shall Not Benefit**

If a beneficiary (including, but not limited to, a primary beneficiary, a current beneficiary, remote beneficiary, contingent beneficiary, or remainder beneficiary) under this instrument: (i) was a principal or an accomplice in willfully bringing about the death of a Grantor, a descendant of a Grantor, or another beneficiary of this instrument; and (ii) but for the application of this section, a result of that death would be for the beneficiary to acquire, enlarge, or accelerate a benefit for themselves under this instrument; then such beneficiary shall be deemed for all purposes under this instrument to have predeceased the Grantors and died without issue.

This section does not apply to deaths resulting from the lawful exercise of a medical power of attorney, a lawful decision to withhold medical treatment, or the lawful exercise of the beneficiary's right of self-defense, defense of others, or any other legal justification.

In determining whether a beneficiary was a principal or an accomplice in willfully bringing about the death of a Grantor, a descendant of a Grantor, or another beneficiary of this

instrument, our Trustee shall consider the facts and circumstances surrounding the death, including, but not limited to, recorded confessions, plea bargains, settlements, and criminal or civil trial verdicts.

If, and for so long as determined, the beneficiary is not competent to stand trial, the beneficiary shall be deemed incapacitated under this instrument.

If found not guilty by reason of insanity, the beneficiary shall be deemed a slayer and this section shall apply.

### **Section 16.05 Survivorship Presumption**

If we die under circumstances in which the order of our deaths cannot be established, each of us will be considered to have predeceased the other and each Grantor's interest in any community property of our trust, and each Grantor's separate trust property will be administered as provided in Section 8.10 for administering the remaining property in the Survivor's Trust upon death of the surviving Grantor.

If any other beneficiary is living at the death of a Grantor, but dies within 45 days after the Grantor's death, then the beneficiary will be considered to have predeceased the Grantor for purposes of this trust.

### **Section 16.06 Effect of Legal Separation or Dissolution of Marriage**

If either of us files a petition for legal separation or dissolution of marriage and unless and until the petition is dismissed,

- (a) as to any provision of this instrument that governs the disposition of S1 Test's interest in any community property of our trust and S1 Test's separate trust property, S2 Test, S2 Test's parents, all of S2 Test's descendants who are not also descendants of S1 Test, and all spouses of such persons who are not descendants of S1 Test's parents will be deemed to have died intestate on the date of the filing for all purposes of this instrument (except Section 16.01, above). Any exercise of any power of appointment by any person identified in this subsection (a) that has not become effective prior to the filing date will be null and void. If, however, a court issues any order dismissing a petition described above and S1 Test accepts the dismissal of the petition by a written acknowledgment, then the persons identified in this paragraph will no longer be deemed to have died intestate for purposes of this instrument; and
- (b) as to any provision of this instrument that governs the disposition of S2 Test's interest in any community property of our trust and S2 Test's separate trust property, S1 Test, S1 Test's parents, all of S1 Test's descendants who are not also descendants of S2 Test, and all spouses of such persons who are not descendants of S2 Test's parents will be deemed to have died intestate on the date of the filing for all purposes of this instrument (except Section 16.01, above). Any exercise of any power of appointment by any person identified in this subsection (b) that has not become effective prior to the filing date will be null and void. If, however, a court issues any order dismissing a petition described above and S2 Test accepts the dismissal of the petition by a written acknowledgment, then the persons identified

in this paragraph will no longer be deemed to have died intestate for purposes of this instrument.

## **Section 16.07 Changing the Governing Law and Situs of Administration**

At any time, our Trust Protector may change the governing law of the trust; change the situs of the administration of the trust; and remove all or any part of the property from one jurisdiction to another. Our Trust Protector may elect, by filing an instrument with the trust records, that the trust will then be construed, regulated, and governed by the new jurisdiction's laws. Our Trust Protector may take action under this Section for any purpose our Trust Protector considers appropriate, including the minimization of any taxes in respect of the trust or any trust beneficiary.

If considered necessary or advisable by our Trust Protector, our Trust Protector may appoint an Independent Trustee to serve as Trustee in the new situs.

If necessary and if our Trust Protector does not appoint an Independent Trustee within 30 days of our Trust Protector's action to change the governing law or situs of the trust, the beneficiaries entitled to receive distributions of the trust's net income may appoint a corporate fiduciary in the new situs by majority consent. If a beneficiary is a minor or is incapacitated, the beneficiary's parent or Legal Representative may act on the beneficiary's behalf.

## **Section 16.08 Definitions**

For purposes of this trust, the following terms have these meanings:

### **(a) Accumulation Trust**

The term *accumulation trust* means any see-through trust that is not a conduit trust.

### **(b) Adopted and Afterborn Persons**

A person in any generation who is legally adopted before reaching 18 years of age and his or her descendants, including adopted descendants, have the same rights and will be treated in the same manner under this trust as natural children of the adopting parent. A person is considered legally adopted if the adoption was legal at the time when and in the jurisdiction in which it occurred.

A fetus *in utero* later born alive will be considered a person in being during the period of gestation.

### **(c) Conduit Trust**

The term *conduit trust* means a see-through trust, the terms of which provide that, with respect to the deceased employee's interest in the plan, all distributions will, upon receipt by the trustee, be paid directly to, or for the benefit of, specified beneficiaries.

**(d) Descendants**

The term *descendants* means persons who directly descend from a person, such as children, grandchildren, or great-grandchildren. The term *descendants* does not include collateral descendants, such as nieces and nephews.

**(e) Designation Date**

The term *designation date* means September 30 of the calendar year following the year of the deceased Grantor's death, or any other date established by Treasury Regulations or other tax law authority as the final date for determining whether this trust meets the requirements for the trust beneficiaries to be treated as having been designated as beneficiaries under Internal Revenue Code Section 401(a)(9).

**(f) Education**

The term *education* is intended to be an ascertainable standard under Internal Revenue Code Sections 2041 and 2514 and includes:

- enrollment at private elementary, junior, and senior high school, including boarding school;
- undergraduate and graduate study in any field at a college or university;
- specialized, vocational, or professional training or instruction at any institution, as well as private instruction; and
- any other curriculum or activity that our Trustee considers useful for developing a beneficiary's abilities and interests including athletic training, musical instruction, theatrical training, the arts, and travel.

The term *education* also includes expenses such as tuition, room and board, fees, books, supplies, computers and other equipment, tutoring, transportation, and a reasonable allowance for living expenses.

**(g) Good Faith**

For the purposes of this trust, a Trustee has acted in good faith if:

- an action or inaction is not a result of intentional wrongdoing;
- the Trustee did not make the decision to act or not act with reckless indifference to the beneficiaries' interests; and
- an action or inaction does not result in an improper personal benefit to the Trustee.

Further, all parties subject to the provisions of this trust will treat any action or inaction made in reliance on information, consent, or directions received

from the Personal Representative of each of our estates as made in good faith for the purposes of this Section, except for cases of willful misconduct or malfeasance on the Trustee's part.

**(h)      Grantor**

*Grantor* has the same legal meaning as *Settlor*, *Trustor* or any other term referring to the maker of a trust.

**(i)      Incapacity**

Except as otherwise provided in this trust, a person is considered incapacitated in any of the following circumstances.

**(1)      The Opinion of Two Licensed Physicians**

An individual is considered to be incapacitated whenever two licensed physicians give the opinion that the individual is unable to effectively manage his or her property or financial affairs, whether as a result of age; illness; use of prescription medications, drugs, or other substances; or any other cause. If an individual whose capacity is in question refuses to provide necessary documentation or otherwise submit to examination by licensed physicians, that individual will be considered incapacitated.

An individual is considered restored to capacity whenever the individual's personal or attending physician provides a written opinion that the individual is able to effectively manage his or her property and financial affairs.

**(2)      Court Determination**

An individual is considered incapacitated if a court of competent jurisdiction has declared the individual to be disabled, incompetent, or legally incapacitated.

**(3)      Detention, Disappearance, or Absence**

An individual is considered to be incapacitated whenever he or she cannot effectively manage his or her property or financial affairs due to the individual's unexplained disappearance or absence for more than 30 days, or whenever he or she is detained under duress.

An individual's disappearance, absence, or detention under duress may be established by an affidavit of our Trustee, or by the affidavit of any beneficiary if no Trustee is then serving. The affidavit must describe the circumstances of the individual's disappearance, absence, or detention, and may be relied upon by any third party dealing in good faith with our Trustee.

**(j)     Include, Includes, Including**

In this document, the words include, includes, and including mean include without limitation, includes without limitation and including without limitation, respectively. Include, includes, and including are words of illustration and enlargement, not words of limitation or exclusivity.

**(k)     Income Beneficiary**

The term *Income Beneficiary* means any beneficiary who is then entitled to receive distributions of the trust's net income, whether mandatory or discretionary.

Unless otherwise provided in this trust, the phrase *majority of the Income Beneficiaries* means any combination of Income Beneficiaries who would receive more than 50% of the accrued net income if that income were distributed on the day of a vote. For purposes of this calculation, beneficiaries who are eligible to receive discretionary distributions of net income receive the imputed income in equal shares.

References to a *majority* refer to a majority of the entire trust collectively until our Trustee allocates property to separate trusts or trust shares. After our Trustee allocates property to separate trusts or trust shares, references to a *majority* refer to a majority of each separate trust or trust share.

**(l)     Independent Trustee**

The term *Independent Trustee* means any Trustee who is not an Interested Trustee as defined in Subsection (n) and includes an Independent Special Trustee appointed under the provisions of Section 3.08.

**(m)     Instrument**

The term *this instrument* means this trust, and includes all trusts created under the terms of this trust.

**(n)     Interested Trustee**

The term *Interested Trustee* means a Trustee who:

is a transferor or beneficiary;

is related or subordinate to a transferor or beneficiary;

can be removed and replaced by a transferor with either the transferor or a party who is related or subordinate to the transferor; or

can be removed and replaced by a beneficiary with either the beneficiary or a party who is related or subordinate to the beneficiary.

For purposes of this Subsection, *transferor* means a person who transferred property to the trust during that person's lifetime, including a person whose disclaimer resulted in property passing to the trust. A person is only a

transferor during his or her lifetime. *Beneficiary* means a person who is or may become eligible to receive income or principal from the trust under the terms of the trust, even if this person has only a remote contingent remainder interest in the trust, but not if the person's only interest is as a potential appointee under a power of appointment. *Related or subordinate* is used as defined in Internal Revenue Code Section 672(c).

**(o) Internal Revenue Code and Treasury Regulations**

References to the *Internal Revenue Code* or to its provisions are to the Internal Revenue Code of 1986, as amended, and any corresponding Treasury Regulations. References to the *Treasury Regulations*, are to the Treasury Regulations under the Internal Revenue Code in effect. If a particular provision of the Internal Revenue Code is renumbered or the Internal Revenue Code is superseded by a subsequent federal tax law, any reference is considered to be made to the renumbered provision or to the corresponding provision of the subsequent law, unless to do so would clearly be contrary to our intent as expressed in this trust. The same rule applies to references to the Treasury Regulations.

**(p) Legal Representative or Personal Representative**

As used in this trust document, the term *Legal Representative* or *Personal Representative* means a person's guardian, conservator, executor, administrator, Trustee, attorney in fact under a Durable Power of Attorney, or any other person or entity representing a person or the person's estate. In the case of a minor beneficiary, the beneficiary's parent or another adult with custody of the beneficiary, except for any transferor to a trust created under this instrument, will be considered the beneficiary's Legal Representative for purposes of this trust.

**(q) Per Stirpes**

Whenever a distribution is to be made to a person's descendants *per stirpes*, the distribution will be divided into as many equal shares as there are then-living children and deceased children who left then-living descendants. Each then-living child will receive one share, and the share of each deceased child will be divided among the deceased child's then-living descendants in the same manner.

**(r) Primary Beneficiary**

The *Primary Beneficiary* of a trust created under this trust is that trust's oldest Income Beneficiary, unless some other individual is specifically designated as the Primary Beneficiary of that separate trust.

**(s) Qualified Retirement Benefits**

The term *qualified retirement plan* means a plan qualified under Internal Revenue Code Section 401, an individual retirement arrangement under Section 408 or Section 408A, or a tax-sheltered annuity under Section 403. The term *qualified retirement benefits* means the amounts held in or

distributed pursuant to a plan qualified under Section 401, an individual retirement arrangement under Section 408 or Section 408A, a tax-sheltered annuity under Section 403, or any other benefit subject to the distribution rules of Section 401(a)(9).

**(t) See-Through Trust**

The term *see-through trust* means a trust that is designated as the beneficiary of an employee under a qualified retirement plan and meets certain requirements of the Treasury Regulations, the effect of which is that certain beneficiaries of the trust that are not disregarded are treated as having been designated as beneficiaries of the employee under the qualified retirement plan.

**(u) Shall and May**

Unless otherwise specifically provided in this trust or by the context in which used, we use the word *shall* in this trust to impose a duty, command, direct, or require, and the word *may* to allow or permit, but not require. In the context of our Trustee, when we use the word *shall* we intend to impose a fiduciary duty on our Trustee. When we use the word *may* we intend to empower our Trustee to act with the Trustee's sole and absolute discretion unless otherwise stated in this trust. When we use the words *may not* in reference to our Trustee, we specifically mean our Trustee *is not permitted to*.

**(v) Trust**

The terms *this trust*, *this document*, *instrument*, and *this trust document* refer to this trust and all trusts created under the terms of this trust.

**(w) Trustee**

The terms *our Trustee* and *Trustee* refer to the Initial Trustee named in Article One and to any successor, substitute, replacement, or additional person, corporation, or other entity that ever acts as the Trustee of any trust created under the terms of this trust. The term *Trustee* refers to singular or plural as the context may require.

**(x) Trust Property**

The term *trust property* means all property acquired from any source and held by a Trustee under this trust.

## **Section 16.09 General Provisions and Rules of Construction**

The following general provisions and rules of construction apply to this trust.

**(a) Multiple Originals; Validity of Paper or Electronic Copies**

This trust may be executed in any number of counterparts, each of which will be considered an original.

Any person may rely on a paper or electronic copy of this trust that the Trustee certifies to be a true copy as if it were an original.

**(b) Singular and Plural; Gender**

Unless the context requires otherwise, singular words may be construed as plural, and plural words may be construed as singular. Words of one gender may be construed as denoting another gender as is appropriate within the context. The word *or*, when used in a list of more than two items, may function as both a conjunction and a disjunction as the context requires.

**(c) Headings of Articles, Sections, and Subsections**

The headings of Articles, Sections, and Subsections used within this trust are included solely for the convenience of the reader. They have no significance in the interpretation or construction of this trust.

**(d) Governing State Law**

This trust is governed, construed, and administered according to the laws of California, as amended except as to trust property required by law to be governed by the laws of another jurisdiction and unless the situs of administration is changed under Section 16.07.

**(e) Notices**

Unless otherwise stated, any notice required under this trust will be in writing. The notice may be personally delivered with proof of delivery to the party requiring notice and will be effective on the date personally delivered. Notice may also be mailed, postage prepaid, by certified mail with return receipt requested to the last known address of the party requiring notice. Mailed notice is effective on the date of the return receipt. If a party giving notice does not receive the return receipt but has proof that he or she mailed the notice, notice will be effective on the date it would normally have been received via certified mail. If the party requiring notice is a minor or incapacitated individual, notice will be given to the parent or Legal Representative.

**(f) Severability**

The invalidity or unenforceability of any provision of this trust does not affect the validity or enforceability of any other provision of this trust. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this trust are to be interpreted as if the invalid provision had never been included.

We have executed this trust on \_\_\_\_\_, 20\_\_\_\_\_. This trust instrument is effective when signed by us, whether or not now signed by a Trustee.

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S1 Test, Grantor

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S2 Test, Grantor

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California \_\_\_\_\_ )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared S1 Test and S2 Test, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## **Schedule C Community Property**

Ten Dollars Cash

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## **Schedule G-1**

### **S1 Test's Separate Property**

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## **Schedule G-2**

### **S2 Test's Separate Property**

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# **Pour-Over Will of S1 Test**

I, S1 Test, a resident of \_\_\_\_\_, [UNANSWERED:  
MC Client state], revoke any prior Wills and codicils made by me and declare this to be  
my Pour-Over Will.

## **Article One Family Information**

I am married to S2 Test. Any reference in this document to *my wife* is a reference to S2  
Test.

I have no children.

## **Article Two Distribution of My Property**

### **Section 2.01      Pour-Over to My Revocable Living Trust**

I give all of my probate estate, excluding any property over which I have a power of  
appointment, after expenses and taxes are paid under this Will, to the then-acting Trustee  
of the S1 Test and S2 Test Living Trust dated \_\_\_\_\_, 20\_\_\_\_\_, and  
executed before this Will, to be added to the property of that trust. I direct that the Trustee  
administer the property according to the trust and any amendments made prior to my death.

### **Section 2.02      Alternate Disposition**

If the trust referred to in Section 2.01 is not in effect at my death, or if for any other reason  
the pour over fails, I specifically incorporate by reference all the terms of the trust into this  
Will. I direct my Personal Representative to then establish a new trust under the provisions  
of that trust and distribute the remainder of my estate, excluding any property over which  
I have a power of appointment, to that Trustee to administer as provided in the trust.

If incorporation by reference fails for any reason, I direct my Personal Representative to  
distribute the remainder of my estate, excluding any property over which I have a power

of appointment, to my wife if my wife survives me. If my wife does not survive me I direct my Personal Representative to distribute the property to my descendants, *per stirpes*.

## **Article Three Designation and Succession of Fiduciaries**

### **Section 3.01    Personal Representative**

## **Article Four Personal Representative Powers**

My Personal Representative may, without prior authority from any court, exercise all powers conferred by my Will, by common law, or by the California Probate Code, Division 7, Part 5, beginning with Section 9600 or other statute of the State of California or any other jurisdiction whose law applies to my Will. My Personal Representative has absolute discretion in exercising these powers. Except as specifically limited by my Will, these powers extend to all property held by my fiduciaries until the actual distribution of the property.

## **Article Five Administrative Provisions**

### **Section 5.01    Court Proceedings**

Any trust established under my Will will be administered in a timely manner; consistent with its terms; free of active judicial intervention; and without order, approval, or other action by any court. The trust will be subject only to the jurisdiction of a court being invoked by the Trustees or by other interested parties, or as otherwise required by law.

### **Section 5.02    No Bond**

I direct that no Personal Representative be required to give any bond in any jurisdiction. But if a bond is required by law or by court determination, no sureties will be required on the bond.

### **Section 5.03 Compensation and Reimbursement**

Any fiduciary serving under my Will is entitled to reasonable compensation commensurate with services actually performed. In addition, any fiduciary serving under my Will is entitled to reimbursement for reasonable expenses incurred.

## **Article Six Taxes, Claims, and Expenses**

### **Section 6.01 Payment of Death Taxes, Claims, and Expenses**

The Trustee of the S1 Test and S2 Test Living Trust is authorized to pay expenses incurred for my funeral and for the disposition of my remains, claims against my estate, and expenses of estate administration. Accordingly, I direct my Personal Representative to consult with the Trustee to determine which expenses and claims should be paid by my Personal Representative from property passing under my Will, and which expenses and claims should be paid by the Trustee from the S1 Test and S2 Test Living Trust.

I direct my Personal Representative to follow any instructions contained in the S1 Test and S2 Test Living Trust in making any tax elections, including the allocation of my GST Exemption and any elections relative to the *deceased spousal unused exclusion amount* as defined and to the extent and amount allowable under Sections 2010(c)(4) and (5) of the Internal Revenue Code, all as my Personal Representative deems appropriate under then prevailing circumstances. My Personal Representative will suffer no liability for making or not making any tax election in good faith to any person, including any person not yet in being, whose interest may have been affected.

Any taxes imposed on property passing under and outside my Will because of my death will be apportioned and paid under the provisions of the S1 Test and S2 Test Living Trust, and I incorporate the tax apportionment provisions of the S1 Test and S2 Test Living Trust as part of my Will.

No death taxes may be allocated to or paid from property that is not included in my gross estate for federal estate tax purposes, or that qualifies for the federal estate tax marital or charitable deductions.

### **Section 6.02 Tax and Administrative Elections**

My Personal Representative may exercise any available elections under any applicable income, inheritance, estate, succession, or gift tax law.

## **Article Seven General Provisions**

### **Section 7.01    Adopted and Afterborn Persons**

A legally adopted person in any generation and that person's descendants, including adopted descendants, have the same rights and will be treated in the same manner under this Will as natural children of the adopting parent if the person is legally adopted before turning 18 years old. If an adoption was legal in the jurisdiction it occurred in at that time, then the adoption is considered legal.

A fetus *in utero* that is later born alive will be considered a person in being during the period of gestation.

### **Section 7.02    Applicable Law**

The validity and construction of my Will will be determined by the laws of California.

### **Section 7.03    Contest Provision**

If any person directly or indirectly attempts to oppose the validity of my Will or my Revocable Living Trust, including any amendments to my trust, or commences, continues, or prosecutes any legal proceedings to set my Will or Revocable Living Trust aside, then that person will forfeit their share, will cease to have any right or interest in my property, and will be considered to have predeceased me for the purposes of my Will.

However, during any period in which the laws of the state of California govern the applicability or validity of this provision, Section 21311 of the California Probate Code will apply, and my Personal Representative may only enforce this provision against

a direct contest brought by any beneficiary without probable cause,

any pleading by any beneficiary to challenge a transfer of property on the grounds that the transferor did not own the property at the time of the transfer, or

any filing of a creditor's claim or prosecution of any action based on the filing of such a claim.

The terms "direct contest" and "pleading" have the same meanings as set forth in Section 21310 of the California Probate Code. My Will and any trusts created in my Will are "protected instruments" as provided in Section 21310(e) of the California Probate Code.

## **Section 7.04 Construction**

Unless the context requires otherwise, words denoting the singular may denote the plural, and words indicating the plural may denote the singular. As the context requires, words of one gender may denote another gender.

## **Section 7.05 Headings and Titles**

The headings and paragraph titles are for reference only.

## **Section 7.06 Shall and May**

Unless otherwise specifically provided in this document or by the context in which used, the word *shall* is used to impose a duty or to command, direct, or require, and the word *may* is used to allow or permit, but not require. In the context of our Trustee or my Personal Representative, the word *shall* is used to impose a fiduciary duty on our Trustee or my Personal Representative. When I use the word *may*, I intend to empower our Trustee or my Personal Representative to act with sole and absolute discretion unless otherwise stated in this document.

## **Section 7.07 Slayer Shall Not Benefit**

If a beneficiary (including, but not limited to, a primary beneficiary, a current beneficiary, remote beneficiary, contingent beneficiary, or remainder beneficiary) under my Will: (i) was a principal or an accomplice in willfully bringing about my death, the death of a descendant of mine, or the death of another beneficiary of my Will; and (ii) but for the application of this section, a result of that death would be for the beneficiary to acquire, enlarge, or accelerate a benefit for themselves under my Will; then such beneficiary shall be deemed for all purposes under my Will to have predeceased me and died without issue.

This section does not apply to deaths resulting from the lawful exercise of a medical power of attorney, a lawful decision to withhold medical treatment, or the lawful exercise of the beneficiary's right of self-defense, defense of others, or any other legal justification.

In determining whether a beneficiary was a principal or an accomplice in willfully bringing about my death, the death of a descendant of mine, or the death of another beneficiary of my Will, my Personal Representative shall consider the facts and circumstances surrounding the death, including, but not limited to, recorded confessions, plea bargains, settlements, and criminal or civil trial verdicts.

If, and for so long as determined, the beneficiary is not competent to stand trial, the beneficiary shall be deemed incapacitated under my Will.

If found not guilty by reason of insanity, the beneficiary shall be deemed a slayer and this section shall apply.

## **Section 7.08      Survivorship**

For purposes of this Will, if I survive my wife by any period of time or if the order of our deaths is unknown, then I will be considered to have survived my wife. Any other beneficiary will be considered to have predeceased me if the beneficiary dies within 45 days after my death.

## **Section 7.09      Severability**

If any part of this instrument is determined to be void or invalid, the remaining provisions will continue in full force and effect.

I, S1 Test, sign my name to this instrument on \_\_\_\_\_, 20\_\_\_\_ and do declare that I sign and execute this instrument as my Pour-Over Will, that I sign it willingly, that I execute it as my free and voluntary act for the purposes therein expressed, and that I am eighteen years of age or older, of sound mind, and under no constraint or undue influence. I ask the persons who sign below to be my witnesses.

---

S1 Test

Each of us declares under penalty of perjury under the laws of the State of California that on the day and year written below, S1 Test, published and declared this instrument to be his Pour-Over Will, that he signed this Will in our presence, that each of us, in his presence and at his request, and in the presence of each other, have signed our names as attesting witnesses. We also declare that each of us is now more than eighteen years of age, is a competent witness, and resides at the address set forth after his or her name.

We also declare that at the time of our attestation of this Will, S1 Test was, to our best knowledge and belief, of sound mind and memory, eighteen years of age or older, and that this Will was not procured by duress, menace, fraud, misrepresentation, constraint or undue influence.

Executed on \_\_\_\_\_ in the County  
of \_\_\_\_\_, California.

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\_\_\_\_\_, Witness

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\_\_\_\_\_  
\_\_\_\_\_

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\_\_\_\_\_, Witness

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\_\_\_\_\_  
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# **Revocable Living Trust Funding Instructions for the S1 Test and S2 Test Living Trust**

We cannot overemphasize the importance of having a *fully funded* Revocable Living Trust. An unfunded or partially funded Revocable Living Trust does not avoid probate. These instructions will help you fund your Revocable Living Trust.

You will make ownership changes to change the title of your assets from your name as an individual to your name as Trustee of your trust or list the trust as the beneficiary. Keep in mind that all financial entities have their own internal policies regarding funding. There is not one universal process. For example some financial institutions will only allow you to change the name of the account from your personal name to your trust name, some will only allow a beneficiary designation, some will allow you to choose between an account name change or beneficiary designation, some will limit how many levels of beneficiary designation you can list (i.e., primary beneficiary and one level of contingent beneficiary), some will not allow an account to be funded into your trust. Each financial entity will be able to guide you more specifically as to their own internal policies and the paperwork to achieve the funding process.

For other assets, such as life insurance and retirement accounts, you will make beneficiary changes to properly distribute those assets upon your death. The first beneficiary will not necessarily be your Revocable Living Trust – please see the Retirement Plans and Life Insurance and Annuities sections of this document. As stated in the previous paragraph, there is not one universal funding process and all financial entities have their own policies and paperwork to achieve funding.

Generally, to transfer assets to your trust, you must execute new documents of title, deeds to real property, and signature cards for your bank accounts, as well as change of beneficiary forms for pension plans, individual retirement plans, and life insurance.

Your financial advisor, accountant, broker, or life insurance agent may need to help you make ownership or beneficiary changes. These instructions will give you general knowledge of how to fund your trust, but they cannot comprehensively address every type of transfer. Please call us if you must make transfers that are not addressed in these instructions.

We recommend you place copies of all written documents that evidence the assets of your Revocable Living Trust into your Revocable Living Trust Portfolio. These assets may include your accounts, real property, business interests, insurance policy proceeds, or any other property. Your final step in the transfer process should always be to place a document

in the **TRUST ASSETS** section of your Revocable Living Trust Portfolio that proves your trust is the owner or beneficiary of each asset. The bolded, italicized sentence ending the transfer instructions for each type of asset tells you what documents to put into your Revocable Living Trust Portfolio.

## **Using Your Certification of Trust**

Your Revocable Living Trust Portfolio contains a Certification of Trust. In your certification, you state in writing that:

your trust exists;

you are one of the Trustees; and

you have the authority and power to transact business as a Trustee.

Most institutions have their own certification forms for you to fill out. If the institution you are dealing with does not have a form, you should provide them with a copy of your Certification of Trust form. Your Certification of Trust provides only the information that the persons you deal with need to see without disclosing confidential details.

## **Your Tax Identification Number**

As long as you are both alive, your Trustee does not need to obtain a separate tax identification number for your trust or to file a separate trust tax return. The Internal Revenue Service (IRS) prefers that you use your own Social Security number. You should report all of the income generated by trust assets on your personal IRS Form 1040 and California Form 540.

When you die, your trust becomes irrevocable for tax purposes. It may split into multiple trusts, each of which may be treated as a separate taxable entity for income tax purposes. We will work with your successor Trustee and your accountant to see that your heirs get the full benefit of your estate planning upon your death.

## **Titling Assets in Your Name as Trustee**

Generally, you should title all of your currently owned and newly acquired assets in the name of your trust. We prefer the following format for titling assets in the name of your trust:

, Trustee of the S1 Test and S2 Test Living Trust dated  
\_\_\_\_\_, 20\_\_\_\_\_, and any amendments  
thereto.

**Sometimes financial entities do not have enough space to  
write the full name of your trust. At minimum the**

**retitling or beneficiary designation should contain the name of the trust (i.e., last name), “trust,” and date of trust.**

## **Instructions for Transferring Specific Assets**

### **Cash Accounts**

You should sign new signature and ownership cards to retitle any bank accounts or cash equivalents, including treasury bills, money market accounts, and certificates of deposit, to name yourself as Trustee of those accounts. If you do not wish to change the name of your accounts, name your trust as the pay-on-death (POD) beneficiary of the accounts. As previously stated, your option to choose might be limited by the financial entities internal policies regarding funding.

Before you retitle your certificates of deposit, consult with a bank officer to make sure that the institution does not consider the change in account name to be an early withdrawal that incurs a penalty. Generally, this should not be a problem because your tax identification number for the account will remain the same.

Instruct your financial institution by letter or in person to change the title to your trust. The tax identification number (your Social Security number) on the account for withholding and reporting purposes will remain the same. For joint trustee trusts, be sure to give each trustee signature power with respect to the account. Sign the new signature cards as Trustees.

Retitling the account records should have no effect on the name you wish to have printed on your checks. There is no reason to have the name of your trust on your printed checks. Ask your bank to continue to print your individual name on the checks.

After changing title, your next account statement will confirm the retitling by listing you as Trustee of your trust. ***Please put a copy of this account statement in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

### **Investment Accounts**

If you hold publicly traded stocks and bonds that are already in brokerage or investment accounts, contact your brokers or custodians and direct them to either change the title of the accounts to the name of your trust or list your trust as the beneficiary. The procedure for doing so is the same as the procedure for retitling cash accounts explained above. You may have to complete new account applications and present a copy of your Affidavit or Certification of Trust in order to change the title. Title to the accounts should be in the trust name.

After changing title, your next account statement will confirm the retitling by listing you as Trustee of your trust. ***Please put a copy of this account statement in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

## **Stocks and Bonds Not Held in Investment Accounts**

If you possess original stock or bond certificates, there are two ways to transfer the certificates to your trust.

- Open a brokerage or investment account in the name of your Revocable Living Trust and deposit your original certificates in the account. (You may later have your broker deliver the certificates to you made out in the name of the trust if you wish.) Your future account statements, titled in the name of your Revocable Living Trust, will prove your ownership of the transferred stock or bonds. ***Please be sure to put a copy of an account statement proving ownership by the trust into the TRUST ASSETS section of your Revocable Living Trust Portfolio.***
- Work directly with the transfer agent for the stock or bond and direct the agent to reissue your stock with your Revocable Living Trust named as the new owner. ***Please be sure to put a copy of both the front and back of the new bond or stock certificate in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

## **Stock Options**

Transferring or assigning stock options requires a careful analysis of the tax and legal issues. We recommend you ask your Certified Public Accountant (CPA) and your stock plan administrator about your choices in assigning your interests to your Revocable Living Trust.

## **Personal Effects**

Tangible personal property refers to such items as household furnishings, appliances and fixtures, works of art, motor vehicles, pictures, collectibles, personal wearing apparel and jewelry, books, sporting goods, and hobby paraphernalia. Your tangible personal property has been transferred to your Revocable Living Trust by declaration in Article One of the Trust and more specially in the **Assignment of Interest**.

## **Retirement Plans**

You should never transfer the ownership of a qualified retirement or pension plan or individual retirement account to your Revocable Living Trust as the beneficiary in the first position. Instead, if you have pre-retirement death benefits under such a plan, our general recommendation is that you choose from among your spouse, children, or partner as primary and contingent beneficiaries. Contact your plan administrator to determine if transferring your retirement plan into your trust is feasible.

Your retirement plan administrator should send you a letter confirming the change of beneficiaries in your retirement plan records. ***Please put a copy of this confirmation letter in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***<sup>1</sup>

### **Qualified Tuition Plans (529 Plans)**

Transferring a 529 plan to your Revocable Living Trust often makes sense, but your trust must contain specific language enabling the Trustee to manage the account. Contact your plan administrator to determine if transferring your 529 plan into your trust is feasible. ***Please put a copy of this confirmation letter in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

### **Life Insurance Policies and Annuities**

If you decide to name your Revocable Living Trust as the beneficiary of a policy, here are several points you should consider.

Your policy beneficiary designation, not your Will and Revocable Living Trust, controls the disposition of the policy benefits.

Generally, you should designate your Revocable Living Trust as the beneficiary of your life insurance policies so the policy proceeds will be governed by the terms of the Revocable Living Trust. To do so, we recommend you advise your insurance agent that you want your Revocable Living Trust as the beneficiary. Your agent will make the change for you or provide you the beneficiary designation form for you to complete.

If you name your Revocable Living Trust as the primary beneficiary, you should name your spouse, partner, or children as the secondary beneficiary.

Each insurance company will have its own preferred format for designating your Revocable Living Trust as the beneficiary. Here is a typical format:

**Primary Beneficiary:** The S1 Test and S2 Test Living Trust dated \_\_\_\_\_, 20\_\_\_\_

Your insurance company should send you a letter confirming the change of beneficiaries in your insurance policy or annuity records. ***Please put a copy of this confirmation letter in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***<sup>2</sup>

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<sup>1</sup> In case your retirement plan administrator fails to send you a confirmation letter, please put a copy of the change of beneficiary designation you sent to the plan administrator in the TRUST ASSETS section of your Revocable Living Trust Portfolio. When you do receive the confirmation letter, you can then substitute it for the change of beneficiary designation.

<sup>2</sup> In case your insurance company fails to send you a confirmation letter, please put a copy of the change of beneficiary designation you sent to the insurance company in the TRUST ASSETS section of your Revocable

## **Mortgage, Notes, and Other Receivables**

If you have loaned money to anyone, you should assign your interest as lender to your Revocable Living Trust by a written document and notify your debtor of the assignment. We can prepare assignment documents for each interest for your signature. *Please put a copy of each assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.*

## **Partnership Interest**

If there are no restrictions in your general partnership agreement, your interest in the general partnership should be transferred through a written assignment of interest signed by you and acknowledged by your partners. Transfer of an interest in a limited partnership is accomplished in the same way as the transfer of a general partnership interest.

We can prepare assignment documents for each interest for your signature. *Please put a copy of each assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.*

## **Corporate Business or Professional Interests**

You should contact your corporate counsel or ask us to assist you in transferring your professional business interests to the Revocable Living Trust.

- If your business is a corporation, you will have to cancel shares held in your name and reissue them in your name as Trustee of your Revocable Living Trust. *Please put a copy of both the front and back of the new stock certificate in the TRUST ASSETS section of your Revocable Living Trust Portfolio.*
- If your business is a limited liability company, we can draft assignment documents to assign your interest to your Revocable Living Trust. *Please put a copy of the assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.*

## **Sole Proprietorship Business Interests**

A sole proprietorship is a business entity owned by one person. Ownership of a sole proprietorship can be transferred to a Revocable Living Trust with a written assignment of interest. All items of tangible personal property should be listed individually or by category in the assignment. *Please put a copy of the assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.*

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Living Trust Portfolio. When you do receive the confirmation letter, you can then substitute it for the change of beneficiary designation.

## **Oil, Gas, and Mineral Interests**

The method of transferring interests in oil, minerals, and gas depends on whether you own or lease the interests. Generally, if you own the interests, you should record a deed that titles your interests to your Revocable Living Trust. If your interest is a lease, you should assign your rights as a lessee to your Revocable Living Trust by a written assignment. ***Please put a copy of the deed or assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

## **Real Property**

Transferring your real property to your trust will require attention to ownership and tax issues based on the nature of the current title to the property. Ultimately, the transfer will require preparing, executing, and recording new deeds for each property. This should be done through an attorney. At your request, we will assist you with this. ***Please put a copy of each deed in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

## **Anticipated Inheritance, Gift, or Lawsuit Judgment**

If you are the beneficiary of an estate of someone who has already died, or if you are a plaintiff in a lawsuit, you can assign your interest in the estate or lawsuit to your Revocable Living Trust in case you are disabled or die before receiving distributions or payments. ***Please put a copy of the assignment in the TRUST ASSETS section of your Revocable Living Trust Portfolio.***

# **Reviewing Your Estate Plan**

You should review your estate plan with an attorney about every three years because all estate plans require ongoing maintenance. In particular, a change in your family, an increase in your net worth, or a change in the tax law could significantly affect the effectiveness of your plan.

# **Funding Acknowledgement**

We acknowledge that counsel has advised us about the importance of funding our Revocable Living Trust, and we understand that funding our Revocable Living Trust is our responsibility. We also understand that neither our attorney, Richard Wingerden, nor The Law Offices of Richard Wingerden is responsible for funding our Revocable Living Trust. In addition, we acknowledge that we have reviewed the funding instructions and we understand the instructions have been provided to assist us with the funding of our Revocable Living Trust.

Accepted and Agreed.

Date: \_\_\_\_\_  
S1 Test

Date: \_\_\_\_\_  
S2 Test

[RunMacro:WCStyles2][RunMacro:SmartQuotes]

# **Uniform Statutory Form Power of Attorney of S1 Test**

## **(California Probate Code Section 4401)**

NOTICE: THE POWERS GRANTED BY THIS DOCUMENT ARE BROAD AND SWEEPING. THEY ARE EXPLAINED IN THE UNIFORM STATUTORY FORM POWER OF ATTORNEY ACT (CALIFORNIA PROBATE CODE SECTIONS 4400-4465). THE POWERS LISTED IN THIS DOCUMENT DO NOT INCLUDE ALL POWERS THAT ARE AVAILABLE UNDER THE PROBATE CODE. ADDITIONAL POWERS AVAILABLE UNDER THE PROBATE CODE MAY BE ADDED BY SPECIFICALLY LISTING THEM UNDER THE SPECIAL INSTRUCTIONS SECTION OF THIS DOCUMENT.

IF YOU HAVE ANY QUESTIONS ABOUT THESE POWERS, OBTAIN COMPETENT LEGAL ADVICE. THIS DOCUMENT DOES NOT AUTHORIZE ANYONE TO MAKE MEDICAL AND OTHER HEALTH-CARE DECISIONS FOR YOU. YOU MAY REVOKE THIS POWER OF ATTORNEY IF YOU LATER WISH TO DO SO.

I, S1 Test, [UNANSWERED: Client street address], [UNANSWERED: Client city], [UNANSWERED: MC Client state] [UNANSWERED: Client zip] appoint as my agent (attorney-in-fact) to act for me in any lawful way with respect to the following initialed subjects:

TO GRANT ALL OF THE FOLLOWING POWERS, INITIAL THE LINE IN FRONT OF (N) AND IGNORE THE LINES IN FRONT OF THE OTHER POWERS.

TO GRANT ONE OR MORE, BUT FEWER THAN ALL, OF THE FOLLOWING POWERS, INITIAL THE LINE IN FRONT OF EACH POWER YOU ARE GRANTING.

TO WITHHOLD A POWER, DO NOT INITIAL THE LINE IN FRONT OF IT. YOU MAY BUT NEED NOT, CROSS OUT EACH POWER WITHHELD.

INITIAL

- (A) Real property transactions.
- (B) Tangible personal property transactions.
- (C) Stock and bond transactions.
- (D) Commodity and option transactions.
- (E) Banking and other financial institution transactions.
- (F) Business operating transactions.
- (G) Insurance and annuity transactions.
- (H) Estate, trust, and other beneficiary transactions.

- (I) Claims and litigation.
- (J) Personal and family maintenance.
- (K) Benefits from social security, medicare, medicaid, or other governmental programs, or civil or military service.
- (L) Retirement plan transactions.
- (M) Tax matters.
- (N) ALL OF THE POWERS LISTED ABOVE.

YOU NEED NOT INITIAL ANY OTHER LINES IF YOU INITIAL LINE (N).

**SPECIAL INSTRUCTIONS:**

ON THE FOLLOWING LINES YOU MAY GIVE SPECIAL INSTRUCTIONS LIMITING OR EXTENDING THE POWERS GRANTED TO YOUR AGENT.

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UNLESS YOU DIRECT OTHERWISE ABOVE, THIS POWER OF ATTORNEY IS EFFECTIVE IMMEDIATELY AND WILL CONTINUE UNTIL IT IS REVOKED.

This power of attorney will continue to be effective even though I become incapacitated.

STRIKE THE PRECEDING SENTENCE IF YOU DO NOT WANT THIS POWER OF ATTORNEY TO CONTINUE IF YOU BECOME INCAPACITATED.

EXERCISE OF POWER OF ATTORNEY WHERE MORE THAN ONE AGENT DESIGNATED.

If I have designated more than one agent, the agents are to act

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IF YOU APPOINTED MORE THAN ONE AGENT AND YOU WANT EACH AGENT TO BE ABLE TO ACT ALONE WITHOUT THE OTHER AGENT JOINING, WRITE THE WORD "SEPARATELY" IN THE BLANK SPACE ABOVE. IF YOU DO NOT INSERT ANY WORD IN THE BLANK SPACE, OR IF YOU INSERT THE WORD "JOINTLY", THEN ALL OF YOUR AGENTS MUST ACT OR SIGN TOGETHER.

I agree that any third party who receives a copy of this document may act under it. A third party may seek identification. Revocation of the power of attorney is not effective as to a third party until the third party has actual knowledge of the revocation. I agree to indemnify the third party for any claims that arise against the third party because of reliance on this power of attorney.

Signed on \_\_\_\_\_, 20\_\_\_\_.

---

S1 Test

### **Certificate of Acknowledgment of Notary Public**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared S1 Test, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

### **Acknowledgment of Agent**

BY ACCEPTING OR ACTING UNDER THE APPOINTMENT, THE AGENT ASSUMES THE FIDUCIARY AND OTHER LEGAL RESPONSIBILITIES OF AN AGENT.

## **Preparation Statement**

I prepared this document. I am a lawyer authorized to practice law in the state where this power of attorney was executed, and the principal was my client at the time this power of attorney was executed. I have advised my client concerning his rights in connection with this power of attorney and the applicable law and the consequences of signing or not signing this power of attorney, and my client, after being so advised, has executed this power of attorney.

Richard Wingerden \_\_\_\_\_ Date \_\_\_\_\_  
(Typed or Printed Name of Preparer)

\_\_\_\_\_  
(Signature of Preparer)

# **Certification of Trust for the S1 Test and S2 Test Living Trust dated \_\_\_\_\_, 20\_\_\_\_**

The undersigned hereby declare the following to be true and correct:

1. The S1 Test and S2 Test Living Trust is currently in existence and was created on \_\_\_\_\_, 20\_\_\_\_.
2. The Grantors are [UNANSWERED: Grantor name] and [UNANSWERED: Grantor spouse name].
3. The name and address of the currently acting :  
[UNANSWERED: MC CA CT Successor Trustees option]  
[UNANSWERED: MC CA CT Successor Trustees option]
4. The the following powers:  
Power to acquire additional property.  
Power to sell, convey and exchange.  
Power to borrow money and encumber the trust property with a deed of trust or mortgage.  
Additional powers as listed in Article Fourteen of the trust instrument.
5. The trust is [UNANSWERED: MC CA CT revocable or irrevocable].
6. The trust does have multiple trustees.
7. The trust identification number of the trust is [UNANSWERED: CA CT EIN].
8. Title to trust assets should be taken in the following fashion:  
, Trustee of the [UNANSWERED: CA CT trust name] dated \_\_\_\_\_, 20\_\_\_\_, and any amendments thereto.

For titling purposes, any description referring to the trust is effective if it includes the name of the trust, the name of at least one trustee, and any reference indicating property is being held by the trustee in a fiduciary capacity.

9. The trust has not been revoked, modified, or amended in any manner which would cause the representations contained in this certification to be incorrect.
10. This certification is being signed by the currently acting trustee and is being executed in conformity with the provisions of California Probate Code Section 18100.5.

Dated: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_ (here  
insert name and title of the officer), personally appeared S1 Test, who proved to me on  
the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to  
the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed  
the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

# Assignment of Personal Property

For value received I, S1 Test of \_\_\_\_\_, [UNANSWERED:  
MC Client state], assign, transfer, and convey to:

, Trustee of the S1 Test and S2 Test Living Trust dated  
\_\_\_\_\_, 20\_\_\_\_\_, and any amendments thereto

all of my right, title, and interest in all of my tangible personal property. My tangible personal property includes all of my jewelry, clothing, household furniture, furnishings and fixtures, chinaware, silver, photographs, works of art, books, boats, automobiles, sporting goods, electronic equipment, musical instruments, artifacts relating to my hobbies, and all other tangible articles of personal property that I now own or later acquire, regardless of how they are acquired or the record title in which they are held.

Dated: \_\_\_\_\_, 20\_\_\_\_\_  
S1 Test, Assignor

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared S1 Test, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)  
[RunMacro:SmartQuotes]

# **California Advance Health Care Directive for S1 Test (California Probate Code Section 4701)**

## **Explanation**

You have the right to give instructions about your own physical and mental health care. You also have the right to name someone else to make those health care decisions for you. This form lets you do either or both of these things. It also lets you express your wishes regarding donation of organs and the designation of your primary physician. If you use this form, you may complete or modify all or any part of it. You are free to use a different form.

**Part 1** of this form is a power of attorney for health care. Part 1 lets you name another individual as agent to make health care decisions for you if you become incapable of making your own decisions or if you want someone else to make those decisions for you now even though you are still capable. You may also name an alternate agent to act for you if your first choice is not willing, able, or reasonably available to make decisions for you. (Your agent may not be an operator or employee of a community care facility or a residential care facility where you are receiving care, or your supervising health care provider or employee of the health care institution where you are receiving care, unless your agent is related to you or is a coworker.)

Unless the form you sign limits the authority of your agent, your agent may make all health care decisions for you. This form has a place for you to limit the authority of your agent. You need not limit the authority of your agent if you wish to rely on your agent for all health care decisions that may have to be made. If you choose not to limit the authority of your agent, your agent will have the right to:

- (a) Consent or refuse consent to any care, treatment, service, or procedure to maintain, diagnose, or otherwise affect a physical or mental condition.
- (b) Select or discharge health care providers and institutions.
- (c) For all physical and mental health care, approve or disapprove diagnostic tests, surgical procedures, and programs of medication.
- (d) Direct the provision, withholding, or withdrawal of artificial nutrition and hydration and all other forms of health care, including cardiopulmonary resuscitation.
- (e) Donate your organs, tissues, and parts, authorize an autopsy, and direct disposition of remains.

However, your agent will not be able to commit you to a mental health facility, or consent to convulsive treatment, psychosurgery, sterilization, or abortion for you.

**Part 2** of this form lets you give specific instructions about any aspect of your health care, whether or not you appoint an agent. Choices are provided for you to express your wishes regarding the provision, withholding, or withdrawal of treatment to keep you alive, as well as the provision of pain relief. Space is also provided for you to add to the choices you have made or for you to write out any additional wishes. If you are satisfied to allow your agent to determine what is best for you in making end-of-life decisions, you need not fill out Part 2 of this form.

**Part 3** of this form lets you express an intention to donate your bodily organs and tissues following your death.

**Part 4** of this form lets you designate a physician to have primary responsibility for your health care.

After completing this form, sign and date the form at the end.

**The form shall be signed by two qualified witnesses or acknowledged before a notary public.** Give a copy of the signed and completed form to your physician, to any other health care providers you may have, to any health care institution at which you are receiving care, and to any health care agents you have named. You should talk to the person you have named as agent to make sure that they understand your wishes and are willing to take the responsibility.

You have the right to revoke this advance health care directive or replace this form at any time.

\* \* \* \* \*

## **PART 1 POWER OF ATTORNEY FOR HEALTH CARE**

**(1.1) DESIGNATION OF AGENT:** I designate the following individual as my agent to make health care decisions for me:

---

(name of individual you choose as agent)

---

(address of agent)

---

(phone)

---

(alt. phone)

[UNANSWERED: MC CA AHCD California options]

**(1.2) AGENT'S AUTHORITY:** My agent is authorized to make all health care decisions for me,[UNANSWERED: MC CA AHCD California options][UNANSWERED: MC CA AHCD agent grant of authority][UNANSWERED: MC CAHCPA limitation include lines]

[UNANSWERED: MC CAHCPA limitation include lines]

**(1.3) WHEN AGENT'S AUTHORITY BECOMES EFFECTIVE:** My agent's authority becomes effective[UNANSWERED: MC CA AHCD becomes effective].

[UNANSWERED: TF CA AHCD include capacity definition]

**(1.4) AGENT'S OBLIGATION:** My agent shall make health care decisions for me in accordance with this power of attorney for health care, any instructions I give in Part 2 of this form, and my other wishes to the extent known to my agent. To the extent my wishes are unknown, my agent shall make health care decisions for me in accordance with what my agent determines to be in my best interest. In determining my best interest, my agent shall consider my personal values to the extent known to my agent.

[UNANSWERED: MC CA AHCD California options]

[UNANSWERED: MC CA AHCD California options]

## **PART 2 INSTRUCTIONS FOR HEALTH CARE**

[UNANSWERED: MC CA AHCD Part 2 draft options]

**(2.2) RELIEF FROM PAIN:** Except as I state in the following space, I direct that treatment for alleviation of pain or discomfort be provided at all times, even if it hastens my death:

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---

(Add additional sheets if needed.)

**(2.3) WISHES FOR PHYSICAL AND MENTAL HEALTH CARE:** (If you do not agree with any of the optional choices above and wish to write your own, or if you wish to add to the instructions you have given above, you may do so here.) I direct that:

---

---

(Add additional sheets if needed.)

[UNANSWERED: TF CA AHCD include role of POST]

## **PART 3 DONATION OF ORGANS, TISSUES, AND PARTS AT DEATH (OPTIONAL)**

[UNANSWERED: MC CA anatomical options 1]

**PART 4**  
**PRIMARY PHYSICIAN**  
**(OPTIONAL)**

[UNANSWERED: TF CA Primary Physician include]

\*\*\*\*\*

**PART 5**

**(5.1) EFFECT OF COPY:** A copy of this form has the same effect as the original.

**(5.2) SIGNATURE:** Sign and date the form here:

\_\_\_\_\_  
(date) \_\_\_\_\_ (sign your name)

\_\_\_\_\_  
S1 Test  
(print your name)

\_\_\_\_\_  
(street address)  
\_\_\_\_\_  
[UNANSWERED: Client city], [UNANSWERED: MC Client  
state] [UNANSWERED: Client zip]  
(city, state zip)

[UNANSWERED: TF CA Special Witness required]  
[UNANSWERED: MC CA AHCD California options]

# **Authorization for Release of S1 Test's Protected Health Information**

**(Valid Authorization Under 45 CFR Chapter 164 and California  
Civil Code Section 56)**

**Statement of Intent:** It is my understanding that Congress passed a law entitled the Health Insurance Portability and Accountability Act (“HIPAA”) that limits use, disclosure or release of my health information (or, sometimes herein, “protected medical information”). I am signing this Authorization because it is crucial that my health care providers readily use, release or disclose my protected medical information to, or as directed by, that person or those persons designated in this Authorization to allow them to discuss with, and obtain advice from, others or to facilitate decisions regarding my health care when I otherwise may not be able to do so without regard to whether any health care provider has certified in writing that I am “incompetent” for purposes of California Probate Code Sections 4235, 4682 and 4690.

## **1. Appointment of Authorized Recipient:**

I, S1 Test, an individual, hereby appoint as my Authorized Recipient for health care disclosure under the Standards for Privacy of Individually Identifiable Health Care Information (45 CFR Parts 160 and 164) under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and as that term is defined by California Civil Code § 56.05(b) (referred to as my “Authorized Recipient”)

## **2. Grant of Authority:**

Therefore, I authorize a health care provider (a “covered entity” as defined by HIPAA) to use, release and disclose my individually identifiable health information in accordance with and as authorized by 45 CFR Sec(s). 164.502(a)(1)(i) and (iv), 164.502(a)(2)(i), 164.524 and 164.528 and California Civil Code Section 56 Confidentiality of Medical Information Act (CMIA).

I specifically authorize all covered persons and entities as defined in HIPAA and CMIA, including but not limited to doctors (including but not limited to physicians, podiatrists, chiropractors, or osteopaths), psychiatrists, psychologists, dentists, therapists, nurses, hospitals, clinics, pharmacies, laboratories, ambulance services, assisted living facilities, residential care facilities, bed and board facilities, nursing homes, medical insurance companies or any other health care providers or affiliates, to use, release and disclose any of my protected medical information, including but not limited to, reports and/or records concerning my medical and psychiatric history, condition, diagnosis, testing, prognosis, treatment, billing information and identity of health care providers, whether past, present or future and any other information which is in any way related to my health care. Additionally, this disclosure shall include the ability to ask questions and discuss this protected medical information with the person or entity who has possession of the protected medical information even if I am fully competent to ask questions and discuss this matter at the time. It is my intention to give a full authorization for access to, disclosure and release of ANY protected medical information by or to the persons named in this Authorization as if each person were me:

- a. to, or as requested by, Authorized Recipient;
- b. to the Trustee or Successor Trustee of any trust of which I am a beneficiary or a trustee for the specific purpose of determining my capacity as defined in the trust agreement;
- c. to my attorney, Richard Wingerden, for limited purposes of determining my capacity to make gifts, to execute estate planning documents, to effectively manage my property and financial affairs, and to determine whether and to what extent a guardianship, conservatorship or other protective proceeding for me is necessary or desirable.

### **3. Termination:**

This Authorization is not affected by, and shall not terminate by reason of, my subsequent disability or incapacity. This Authorization shall terminate 2 years following my death or upon my written revocation expressly referring to this Authorization and the date it is actually received by the covered entity. Proof of receipt of my written revocation may be by certified mail, registered mail,

facsimile, or any other receipt evidencing actual receipt by the covered entity. Such revocation shall be effective upon the actual receipt of the notice by the covered entity except to the extent that the covered entity has taken action in reliance on it.

**4. Re-disclosure:**

By signing this Authorization, I acknowledge that the information used, disclosed or released pursuant to this Authorization may be subject to re-disclosure by the Authorized Recipient whose name is written in paragraph 1 of this Authorization and the information once disclosed will no longer be protected by the rules created in HIPAA and CMIA. No covered entity shall require my Authorized Recipient to indemnify the covered entity or agree to perform any act in order for the covered entity to comply with this Authorization.

**5. Instructions to my Authorized Recipient:**

My Authorized Recipient shall have the right to bring a legal action in any applicable forum against any covered entity that refuses to recognize and accept this Authorization for the purposes that I have expressed. Additionally, my Authorized Recipient is authorized to sign any documents that the Authorized Recipient deem appropriate to obtain use, disclosure or release of the protected medical information.

**6. Valid Document:**

A copy or facsimile of this original Authorization shall be accepted as though it was an original document.

**7. My Waiver and Release:**

I hereby release any covered entity that acts in reliance on this Authorization from any liability that may accrue from the use, release or disclosure of my protected medical information in reliance upon this Authorization and for any actions taken by my Authorized Recipient.

## **8. Severability:**

I intend that this Authorization conform to United States and California law. In the event that any provision of this document is invalid, the remaining provisions shall nonetheless remain in full force and effect.

I understand that I have the right to receive a copy of this Authorization. I also understand that I have the right to revoke this Authorization and that any revocation of this Authorization must be in writing.

Dated: \_\_\_\_\_  
S1 Test, Principal

DOB: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared S1 Test, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## **Nomination of Conservator for S1 Test of My [UNANSWERED: MC conservator]**

If it becomes necessary to appoint a conservator of my [UNANSWERED: MC conservator], I nominate

I grant to my conservator all the powers specified in the California Probate Code. My conservator shall serve in such capacity without bond, or if a bond is required, I request that a minimum bond be set. I revoke all prior conservatorship nominations, and notwithstanding any nominations in the future, I want this Nomination of Conservator to control the nomination of the conservator of my [UNANSWERED: MC conservator]. If there are conflicting nominations in the future; the most recent document nominating the conservator of my [UNANSWERED: MC conservator] shall control.

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S1 Test

Date: \_\_\_\_\_

# **Remembrance and Services Memorandum of S1 Test**

## **My Intent**

This Memorandum provides guidance to my Trustee, family, and friends with respect to the handling of my remains and my desires for remembrance, if any. This Memorandum is binding to the extent that my wishes should take precedence over those of any other person. I recognize that there may be circumstances that I cannot anticipate, so I request that all parties concerned act in accordance with my intentions set forth in this Memorandum. I appoint my Trustee to carry out my last wishes and desires as expressed in this Memorandum.

My estate plan utilizes a Revocable Living Trust, Pour-Over Will, and other documents. If this Memorandum conflicts with any provision of my primary estate planning documents, my Revocable Living Trust takes precedence, followed by my Pour-Over Will.

## **Notices**

I am providing the following information so that my family, friends, and the organizations I am affiliated with will be notified of my death.

Please notify the following family members of my death:

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Please notify the following friends of my death:

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Please notify the following organizations of my death:

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Please notify the following newspapers, newsletters, and listservs or Internet groups of my death through an obituary notice:

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Miscellaneous instructions:

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## **Personal Information**

My Date of Birth: \_\_\_\_\_

My Place of Birth: \_\_\_\_\_

My Family:

Spouse: S2 Test \_\_\_\_\_

Parents: \_\_\_\_\_

\_\_\_\_\_  
Siblings: \_\_\_\_\_

\_\_\_\_\_  
Children: \_\_\_\_\_

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Grandchildren: \_\_\_\_\_

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Others: \_\_\_\_\_

Schools attended, dates of graduation, degrees, honors, etc.:

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Religious affiliations and offices held:

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Civic organizations and offices held:

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Military Service and Honors:

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Professional and social organizations and offices held:

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Awards, recognitions, accomplishments, etc.:

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Other information:

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## **Handling of My Remains**

I request that the following funeral home or crematory be used as I have not made advance preparations:

Name:	Address:
_____	_____
_____	_____

Contact the following funeral home or crematory for guidance on the advance preparations I have made for the handling of my remains:

Name:	Address:
_____	_____
_____	_____

Documents regarding my advance preparations are stored with my estate planning documents, or as otherwise indicated in my Personal Information section of my Estate Portfolio.

I would like the following treatment:

- to be entombed.
- to be buried.
- to be cremated.
- my body donated for scientific medical purposes per my anatomical gift instructions.

I have already purchased a:

- burial plot.
- mausoleum crypt.
- cremation niche for an urn.

My remains will be kept at the following cemetery or mausoleum:

Name:

Address:

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I desire that my remains be kept:

next to the following individual:

at the following location:

near the following individuals:

Other instructions:

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## Marker Selection

I have made advance preparations for my marker or headstone.

I desire my marker or headstone to have the following designs, colors, emblems, etc.:

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I desire the following engraving:

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## Casket or Urn Selection

I desire that my casket be made:

- of metal.  
 of wood.  
 with other considerations (cloth-covered, decorated etc.).
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## My Remembrance Service

I desire my funeral/memorial service to be held at the following location or facility:

Name: \_\_\_\_\_ Address: \_\_\_\_\_

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I desire the following type of remembrance:

- a funeral service with remains present and  
 an open casket.  
 a closed casket.  
 a memorial service without remains present.  
 a burial site service.

Any remembrance should:

- be open to the public.
- be open only to my family and close friends.
- be open only to \_\_\_\_\_

- 
- include military honors.
  - include a wake.

\_\_\_\_\_ Instead of a remembrance, I desire:

- direct cremation.
- direct burial.

I would like to wear the following clothing:

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I would like to be buried with the following jewelry and other personal items:

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I would like the following items to be displayed in, on, or around my casket at my viewing, and then retained for family or friends:

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I request that my pastor, priest, rabbi, imam, friend or family member officiate, and work with my family and friends to select those to give a eulogy, homily, or words of comfort:

Name:

Address:

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I desire to have the following musical selections played at my funeral or memorial service:

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I desire to have the following scriptures, poems, readings, etc. read:

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I desire to have:

- flowers at my funeral or memorial service.  
 no flowers at my funeral or memorial service.  
 memorial contributions made to the following organizations instead of flowers:

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## **Costs and Expenses**

The handling of my remains and my remembrance should be:

- modest cost.
- reasonable cost.
- lavish cost.

Other instructions:

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## **Miscellaneous Instructions**

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Dated \_\_\_\_\_, 20 \_\_\_\_.

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S1 Test[RunMacro:SmartQuotes]

# **Personal Property Memorandum of S1 Test**

On \_\_\_\_\_, 20\_\_\_\_\_, I, S1 Test, signed the document that established the S1 Test and S2 Test Living Trust. The trust refers to the disposition at my death of certain items of tangible personal property in accordance with a memorandum signed by me. I make this memorandum for that purpose.

If an item is marked with an asterisk, it is to be distributed to the designated recipient only if my wife predeceases me.

If the designated recipient of a particular item of tangible personal property does not survive me or if I have revoked a distribution of an item of tangible personal property, that item will be disposed of as though it had not been listed in this memorandum.

## **Personal Property Distributions for S1 Test**

**Description of Tangible  
Personal Property****Person to Receive Property,  
Address and Relationship (\*)**

The distribution above is revoked if signed and dated here: \_\_\_\_\_

The distribution above is revoked if signed and dated here: \_\_\_\_\_

The distribution above is revoked if signed and dated here: \_\_\_\_\_

Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

Dated: \_\_\_\_\_

S1 Test

## **Personal Property Distributions for S1 Test**

<b>Description of Tangible Personal Property</b>	<b>Person to Receive Property, Address and Relationship</b>	(*)
_____	_____	_____

The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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The distribution above is revoked if signed and dated here: \_\_\_\_\_

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Dated: \_\_\_\_\_

S1 Test

# **Declaration of Appointment of Guardian for My Children in the Event of My Death or Incapacity**

I, S1 Test, make this Declaration to appoint the guardian for my children, listed as follows, in the event of my death or incapacity:

I designate the following persons in the order listed as guardian of the person of my children:

If any guardian or alternate guardian dies, does not qualify, or resigns, the next named alternate guardian becomes guardian of my children.

Signed: \_\_\_\_\_, 20 \_\_\_\_.

I, S1 Test, sign my name to this instrument consisting of 1 page(s) on \_\_\_\_\_, 20 \_\_\_\_ and do declare that I sign and execute this instrument as my Declaration of Appointment of Guardian for My Children in the Event of My Death or Incapacity, that I sign it willingly, that I execute it as my free and voluntary act for the purposes therein expressed, and that I am eighteen years of age or older, of sound mind, and under no constraint or undue influence.

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S1 Test

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