SERVICES FOR PERSONAL TRUSTS
AND WEALTHY FAMILIES
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WE ARE A DIFFERENT TRUST COMPANY.
Our clients are our ambition. Services, solutions and creativity are what drives us. We deliver total effort. We listen. We communicate. We help our clients understand. We know that our clients’ trusts are the most important financial accounts in their lives.

This is why clients choose First State Trust Company to administer their trust accounts.

IT STARTS WITH OUR STRUCTURE.
First State Trust Company is structured unlike most traditional trust companies. We focus on one thing: trust administration. We serve as trustee or agent for discretionary and directed trust accounts.

A discretionary trust is one where the trustee typically has full authority over all aspects of the trust. This includes distribution decision making and investment management. A directed trust is one that the trustee may not have all of this authority. We do both. And we do both well.

We leave the investment management to the experts — the Financial Advisors of our clients. These advisors are backed by world-class investment firms that have the financial tools, research and experience to manage money. This is what they do well.

First State has learned that trust clients want the best of both. They want a responsive and attentive trustee, along with high quality investment management. They also want to continue a relationship they often have with their Financial Advisor.

Our structure allows for this. Our clients deserve this.

IT CONTINUES WITH OUR PEOPLE.
Today, too many trust companies are bureaucratic in their approach. Too many meetings. Not enough responsiveness or sensitivity. The best way to shed the stigma of a stodgy, non-caring trust company is to have people who care. Who want to help. Who understand that it is a privilege to be asked to provide services for someone’s trust account. Yes, First State has Trust Officers with years of experience with the day-to-day administration of trusts. But better than that is the experience our Trust Officers have in treating clients with respect and compassion.

Although First State has been in existence for over 35 years — and is the product of E.F. Hutton Trust Company and Citi Institutional Trust Company — we look forward, not backwards. Today, First State is an affiliated company of Fi-Tek, LLC, a cutting-edge financial technology company who provides us with our technology and award-winning trust accounting software. When you combine an effective structure with quality people and modern technology, providing superior fiduciary solutions for personal trusts and wealthy families will result.
Organized as a Delaware state-chartered trust company, First State Trust Company has been serving personal and institutional trust clients since 1982. Dating back to its roots as E.F. Hutton Trust Company and most recently as Citi Institutional Trust Company, First State Trust Company has concentrated its focus on strategic alliances with world-class wealth management firms. Our advisor friendly model enables clients to continue working with their investment advisor, while First State Trust Company handles the administration, and/or the management of the trust. Our unique and practical trustee and agency solutions provide clients with the financial support they need to protect and grow their wealth — while ensuring a proper transfer to their loved ones.

**PERSONAL TRUST / INDIVIDUALS**
- Revocable Trusts
- Irrevocable Trusts
- Discretionary Trusts
- Directed Trusts
- Asset Protection Trusts
- Dynasty Trusts
- Special Needs Trusts
- Charitable Trusts
- ILITs
- Family Offices
- Private Foundations

**INSTITUTIONAL**
- Defined Benefit Pension Plans
- Money Purchase/Profit Sharing Plans
- Public Funds/Governmental Plans
- Taft Hartley Funds
- Non-Qualified Deferred Comp Plans / Rabbi Trusts
- Endowments and Foundations
- Hospital / Healthcare Corporate Accounts
- Insurance Companies
- Corporate Escrows
- Any Institution requiring a Trustee or Custodian
PERSONAL TRUST / INDIVIDUALS
Corporate Trustee Services
Fiduciary Accounting
Discretionary Distribution Services
Tax Preparation and Filing
Special Asset Administration
Trustee Assistance Program
Family Office Resources
Data Aggregation

INSTITUTIONAL
Corporate Trustee Services
Certified Trust Statements
Consolidated Trust Reporting
Annual Employee Benefit Reporting Package with 5500 Summary
Master Trust Services including Unitization and Sub-accounting
Benefit Payments and 1099 Tax Reporting
Specialized Accounting and Reporting including ASC820 / GASB 40
Special Assets/Alternative Investments Custodial Reporting
Escrow Administration
Will work with TPA or Actuary of client’s choice

First State Trust Company provides trustee and/or custodial services for over $12 Billion in client assets (as of August 2017)

Independent Top 5 Accounting Firm and the State of Delaware Banking Commissioner

Fi-Tek’s industry leading TrustPortal

Client assets are held by independent third party sub-custodians including: Citibank, Northern Trust, Approved Alliance Partner Sub-custodians, Matrix Financial, Depository Trust Company and NSCC.
IS A PROFESSIONAL CORPORATE TRUSTEE THE RIGHT CHOICE FOR YOU?

Trust documents provide instructions for the named trustee on how assets are to be managed and distributed. The trustee can be an individual. It can be an institution such as a bank or a trust company. It can be both.

Not every trust document requires or needs a corporate trustee. First State, as a corporate trustee, will tell you that — honestly and objectively — after a thorough review of the document and your situation. If a corporate trustee is needed, First State stands ready to deliver. Here are the trustee services First State provides to its clients of discretionary trusts.

DISCRETIONARY TRUSTEE SERVICES

TRUST AND INVESTMENT OVERSIGHT

- Review and interpretation of trust documents.
- Consultation related to trust assets, discretionary distributions, and income needs.
- Establishing and monitoring an appropriate investment objective for the trust’s assets.
- Assuring that disbursements from the trust are made in accordance with the trust agreement.
- Generating sales of assets and raising cash to provide for income and/or principal distributions.
- Holding assets for safekeeping and assuring prompt collection of income and/or principal.
- Receiving a daily electronic feed from our wealth management partners to value and record all trust investment activity.

RECORDKEEPING AND REPORTING

- Maintaining physical and electronic records of the trust agreement, related documents and correspondences.
- Utilizing our award-winning principal and income trust accounting system to properly record-keep all trust activity.
- Issuing monthly/quarterly statements that reflect distributions, transactions, asset activity and market values.

TAX/COMPLIANCE

- Maintaining securities tax data such as tax cost basis, acquisition dates and tax lots.
- Supervising and monitoring investments to ensure compliance with the Internal Revenue Code and IRS rules and regulations.
- Managing trust investments in a tax-sensitive manner.
- Preparing and filing federal and state tax returns.
- Providing K-1 tax reports of taxable income to beneficiaries.
ADMINISTRATIVE “DIRECTED” TRUSTEE SERVICES

As trustee of a directed trust, First State provides comprehensive trustee services except for investment management and perhaps distribution decision making. These responsibilities can lie with someone else. This bifurcation of trust duties offers flexibility and additional controls by the client and family if desired or necessary. Clients who own a family business or a concentrated asset often create directed trusts so that these assets are controlled and managed by the family or trusted adviser, not the trustee.

BENEFITS OF A DIRECTED TRUST

- Allows the Grantor or Authorized Party to architect the most successful structure to ensure comfort and success.
- Combines a corporate trustee expert with the grantor’s trusted investment advisors and other key family members and professionals.
- May result in reduced costs of administration.
- Allows the grantor to maintain certain investments not traditionally allowed under a corporate trustee who maintains the investment authority — such as special assets or concentrated positions.

APPOINTING FIRST STATE TRUST COMPANY AS SUCCESSOR TRUSTEE

It’s easy to appoint us as a successor trustee in your trust governing document. Make sure we are listed as follows: First State Trust Company, a Delaware state chartered trust company. Our website (www.fs-trust.com) contains more information including sample language to help you in the creation or amending of client documents:

- Suggested Legal Language — you can download our language for insertion in client trust documents where we are being named as trustee, co-trustee or successor trustee.
- Amendment to Revocable Living Trust to Change Successor Trustee (one and two grantors) — this sample amendment form can be used to name First State Trust Company as the successor trustee for an existing revocable living trust.
It is no accident that First State Trust Company’s headquarters is in Delaware. Our wealth-friendly, “First State” offers perhaps the most progressive and modern set of tax and fiduciary trust laws of any state. Delaware, through its revered Court of Chancery, has a long history of safeguarding its carefully drafted, trust-friendly laws. Home to over half of the Fortune 500 companies, Delaware is considered one of the premier trust jurisdictions due to its directed statutes, investment flexibility, tax advantages, and favorable legal climate. As a Delaware state-chartered trust company for over 35 years, First State Trust Company understands the nuances of Delaware trust law and can assist our clients in navigating the modern and flexible benefits of this top trust-friendly jurisdiction, including:

**PRIVACY.** Delaware goes to great lengths to protect the confidentiality of trusts. Delaware does not require periodic court accountings. This differs from many states and affords Delaware clients great confidentiality regarding their wealth and family interests.

**ASSET PROTECTION.** Delaware provides an opportunity for grantors to protect their assets without using offshore accounts. Delaware recognizes spendthrift provisions written into trusts and offers creditor protection for trusts; it is home to numerous Asset Protection Trusts.

**LONGEVITY.** A Delaware trust can last forever. Dynasty Trusts are often set up with a Delaware trustee because Delaware allows the creator to pass wealth in perpetuity without expiration, which may provide substantial federal transfer tax benefits. This applies to all real property if held through a LLC, corporation, or other entity as well.

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Delaware: The Trust-Friendly State
**TAX ADVANTAGES.** Delaware trusts are often not subject to any state income tax, capital gains tax, personal property tax or sales tax. This tax free accumulation helps increase the growth of the trust especially for perpetual trusts which continue on for many generations.

**INVESTMENT FLEXIBILITY.** Trusts domiciled and administered in Delaware are able to bifurcate investment responsibility from trust administration, which allows clients and/or their trusted advisors to retain full control of the investment management decisions for the trust. Clients can invest in assets that otherwise would not be an acceptable asset to full service corporate trustees. It also allows the client to retain or be more involved in the decision making process for special assets such as: family closely held businesses, LPs, LLCs, and real estate. Delaware also allows trustees to assess investment performance in a manner which balances the needs of all beneficiaries.

**DECANTING STATUTE.** Delaware offers significant flexibility to amend problematic irrevocable trusts in order to better address the administration and needs of beneficiaries. Delaware law, in certain circumstances, permits a trustee to “decant” the assets of a trust to a new, more modern trust.

In many cases the benefits of Delaware law can be extended to existing trusts created under another jurisdiction as well. If the trust document permits, and most have sufficient flexibility to do so, a trust can be moved to Delaware to take advantage of a modern and flexible trust environment, including: more favorable tax treatment, the ability to appoint Investment and Distribution Advisors and/or Trust Protectors; the ability to decant a problematic trust, creditor protection, perpetual trust duration, and lower overall trust administrative fees.

First State frequently works with the legal community in Delaware to help provide trust and estate planning solutions for high-net-worth clients and families. We can introduce you to these solutions, which sometimes include:

- Structures that provide income and benefits for successive generations without estate/gift taxes at each generation’s death.
- Income/principal distribution provisions that are very flexible and can be used for broad purposes.
- Strategies that are funded with assets which offer significant growth potential (life insurance, closely-held stock, FLPs,) thus maximizing leverage capabilities.
- Trust Protector provisions that allow appropriate changes to be made to the trust over time as tax and trust laws change.
WHY CONSIDER A CORPORATE TRUSTEE?

One of the most important decisions clients face when establishing a trust is the selection of the trustee(s). While some individuals name a family member or a friend, others prefer to choose an established and trusted financial institution for this very important role.

Do your family members or friends really have the time, dedication, and fiduciary expertise to fulfill the duties and responsibilities of managing your trust? Probably not.

For this reason and the reasons listed below, many people consider hiring a corporate trustee instead.

1. **EXPERIENCE, TIME AND EXPERTISE**

Individual trustees often do not have the time or experience it requires to properly administer and manage a trust. It is difficult to navigate all of the tasks associated with being a trustee when this is not your full-time profession.

Corporate trustees have experienced personnel trained to evaluate a difficult situation, mediate disputes between beneficiaries, and deliver unbiased solutions thoughtfully and in a professional, dispassionate manner. Additionally, trustees must have a thorough understanding of trust laws, tax rules, and other fiduciary standards of care.

2. **LOYALTY**

Trusts commonly name both primary beneficiaries and remainder beneficiaries. Oftentimes the interests of these two classes of beneficiaries are not aligned. For example, the primary beneficiary may want the trust invested to generate more income during their lifetime; while the remainder beneficiaries would benefit from more growth oriented investing. Corporate trustees will weigh the interests of both the primary and the remainder beneficiaries in their management and investment of the trust.
WHY CONSIDER A CORPORATE TRUSTEE?

3. **OBJECTIVITY**
Corporate trustees will follow the instructions of the trust document objectively and faithfully. They are not subject to the pressure individual trustees often encounter when making sensitive or unpopular decisions among family members. Corporate fiduciaries have the training and experience required to deal with these difficult situations.

4. **REGULATORY OVERSIGHT**
Individual trustees are not regulated or accountable to anyone; nor are they held to the higher standards that corporate trustees are subject to. Most individual trustees do not carry liability insurance in the event the unfortunate situation arose where a beneficiary were to bring litigation against the individual trustee, who may not be able to pay the damages. Corporate trustees are regularly monitored and examined by independent auditors and the applicable state or federal banking regulators. As a fiduciary, corporate trustees are required to carry appropriate liability insurance to protect their clients in the event of loss of trust assets, wrongdoing or litigation.

5. **COST**
Individual trustees often do not have the expertise needed to properly manage the affairs of the trust; therefore they must hire various professionals to assist them. This may include investment advisors, accountants, lawyers, and other agents. These are all functions that a corporate trustee performs every day for other clients and thus can provide this comprehensive service package at a lower cost than will result if paying for these services in a fragmentary approach.

6. **LONGEVITY AND PEACE OF MIND**
Individual trustees may become unavailable to serve their appointment due to health issues, age, death — or simply their unwillingness. This creates uncertainty and a lack of willingness. This creates uncertainty and a lack of continuity for the trust and the beneficiaries. Corporate trustees, on the other hand, are not dependent on the availability and circumstances of one person; they do not die, become ill or incapacitated, or move away.
When an individual is serving as a trustee for a trust, he or she may need help with complex administrative requirements of serving as a fiduciary. However, that trustee doesn’t want to give up control to a bank or trustee company nor subject the trust to corporate trustee fees. Enter First State’s Trustee Assistance Program. This unique, solutions-based arrangement provides the individual trustee with the “back-office” functions of a trust company without wrestling away investment or decision-making control from the trustee. And, because First State is not the trustee, annual fees for the Trustee Assistance Program are significantly less than standard trustee fees.

**OUR UNIQUE TRUSTEE ASSISTANCE PROGRAM INCLUDES THE FOLLOWING PACKAGE OF SERVICES:**

**CUSTODIAL/SUB-CUSTODIAL SERVICES**
First State Trust Company can work with the investment advisor of your choice. We maintain formal partnerships with wealth management firms and sub-custodians in order to provide a full service offering for you as the trustee. We have data feed links with many investment firms where account activity is automatically transmitted daily. These arrangements offer access to sophisticated asset management along with safe and secure custodial services for clients.

**PRINCIPAL AND INCOME ACCOUNTING**
Trustees and authorized parties will have access to comprehensive statement packages and state-of-the-art reporting through our industry-leading trust accounting system. Principal and income statements are designed to facilitate accurate and efficient trust accountings for all types of trusts for distribution to grantors, accountants, beneficiaries and other authorized parties. Additionally, clients can view accounts online through TrustLink, which also provides access to statements, ad-hoc reporting and downloading into Excel.

**TRUST DISTRIBUTIONS**
First State Trust Company can assist trustees with periodic disbursements of income and/or principal from the trust as directed by the Trustee (and in accordance with the trust governing instrument). Our extensive capabilities and flexibility ensure that the trust payments are tailored to each client’s specific requirements.

**BILL-PAY SERVICES**
Our Trustee Assistance Program also includes bill-paying services if needed by you as trustee and/or the beneficiary of the trust. This could free the trustee of the time-consuming and laborious task of monthly or random payments for services such as utilities, rent, medical bills, etc. With our Bill Pay Service your dedicated trust officer has the expertise to handle your bill paying in a reliable, professional manner — and you will never need to worry about your bills being paid properly and on time.

**FEDERAL AND STATE TRUST TAX RETURN PREPARATION**
As an optional service, our Trustee Assistance Program prepares you with signature-ready federal and state tax returns for the trust. This includes applicable beneficiary K-1s. For private foundations, we will prepare the 990-PF.

**DEDICATED TRUST OFFICER SUPPORT**
Our experienced Trust Officers are your partners — assisting trustees with the day-to-day administration of the Trust. This not only includes education about trust accounting and other services but also the handling of distribution requests, tax return preparation, and providing resources and expertise to our trustee clients. We understand the responsibility associated with trusteeship and are here to support you every step of the way.

1 In the Trustee Assistance Program, the First State Trust Company Trust Officer may provide guidance, as requested, on administrative matters but in doing so does not assume fiduciary responsibility.
# What Level of Service is Right for You?

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<th>Service Offered</th>
<th>Trustee Assistance Program</th>
<th>Administrative / Directed Trustee Services (if governing document allows)</th>
<th>Discretionary Trustee Services</th>
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<tr>
<td>Sole or Co-Fiduciary</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Investment Management Oversight</td>
<td>No</td>
<td>No (trustee simply processes investment directions)</td>
<td>Yes</td>
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<tr>
<td>Distribution Authority</td>
<td>No</td>
<td>Maybe</td>
<td>Yes</td>
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<tr>
<td>Principal and Income Accounting</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Discretionary Distribution Decisions</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Bill-Paying Services</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Trust Tax Preparation</td>
<td>Yes (optional)</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Dedicated Trust Officer Support</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>On-Line Access to Trust Account Information, Statements and Ad Hoc Reporting</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Data Feeds to Wealth Management Firms</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Cost</td>
<td>Much lower priced than trustee services</td>
<td>Typically lower than full fiduciary trustee services</td>
<td>Very competitive pricing</td>
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Service. Redefined.
WHEN YOU NEED MORE FROM A TRUST COMPANY

FOR MORE INFORMATION ON OUR SERVICES, VISIT WWW.FS-TRUST.COM OR CALL US AT 302.573.5963

YOU ESTABLISHED A PERSONAL TRUST BECAUSE IT IS A VALUABLE FINANCIAL MANAGEMENT AND ESTATE PLANNING TOOL.

Helps you accumulate wealth, preserve wealth and transfer wealth to future generations. It can be your most important financial account.

An effective and efficient trust, however, is only as good as the services and capabilities of the trust company backing it.

Wealthy families utilize First State Trust Company because of our innovative structure, responsive people and client-first work ethic.

PROTECTING YOUR ASSETS

- Trust assets are held and safeguarded by independent third party custodians, who employ comprehensive safeguards and controls in their daily operations, including an annual SOC1 (SSAE18) audit.

- First State Trust Company is monitored annually by the State of Delaware Banking Examiner. This regulatory body performs a rigorous examination of our internal controls, processes and reporting of client accounts.

- Like our custodians, First State Trust Company is also subject to an annual SOC1 (SSAE18) audit, as well as a Financial audit, which are performed by independent public accounting firms. The auditors review and reconcile our records of client accounts with the clients’ assets held at our custodians.

- Trust assets maintained in First State Trust Company custodial accounts are segregated from the assets and liabilities reflected on our balance sheet and are not subject to the institution’s creditors.

Service. Redefined.