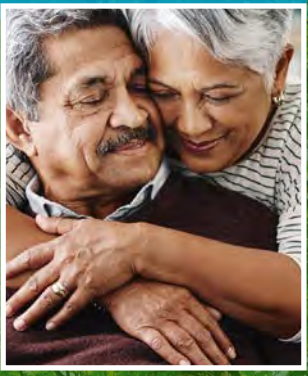
2022

Trust & Investment Services



for you and your family



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USLA

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Trusts. Now more than ever.

Tools for sound wealth management are within your reach.

The extraordinary events of 2021 may be followed by equally unprecedented developments in 2022. The stock markets boomed, but that optimism has to be tempered by the greatest experience of inflation in a generation. Inflation, the great enemy of retirement income management, must be taken into account in investment and trust planning.

Because you can't know the future, you need a plan and a partner to meet it with confidence, come what may. That plan should include trust services, and we should be your partner for implementation.

This guide summarizes the services that we offer and how, because we are already bound by the strictures of fiduciary duties, you, your family and your beneficiaries may benefit. You'll find that today's trust services can help you organize and manage your wealth in more ways than most people realize.

Please call upon us at your earliest convenience to learn more.

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How to keep emotions out of investment decisions

Financial markets are volatile and, certainly for short periods, unpredictable. Within that volatility lies the potential for superior performance, as well as the risk of loss when mistakes are made. Investors sometimes have a way of letting their emotions get the better of them, which can lead to disappointment.

The foundation of all of our services is investment planning, an emotion-free process for positioning a portfolio for success in a variety of financial and economic environments. Asset prices do not move up or down in lockstep. When stocks rise, bonds may fall. Or at other times, bonds also may rise when stocks do. The movements of each asset class can be mathematically correlated to the movements of the other classes. Portfolio optimization involves the application of these relationships to the investor's holdings.

We begin developing your asset allocation plan by listening. We need to understand your objectives for your account, your income requirements and tax status, your time frames and your attitude toward risk. With that information in hand, we can present an investment strategy for your approval.

Investment Management Account

BENEFIT: *Full-time supervision of your portfolio*

When you open an Investment Management Account with us, we draw upon our sources of research and analysis to manage your money. In a sense, we become your institutional investor, which helps to avoid the pitfalls of reactive, emotional investing.

The buy and sell decisions that we make for your account—or if you prefer, the recommendations submitted for your approval—represent our independent judgment of the best course of action for your portfolio, given your objectives, risk tolerance and the market outlook.

To open an account, you sign a simple agreement designating us as your agent and deliver the assets that you wish us to manage. You continue to own your securities, and you may add or withdraw funds or terminate your account at any time.

Living Trust

BENEFITS: *Now and future management for family funds, continuous financial protection, probate avoidance*

Similar in its immediate benefits to an Investment Management Account, a revocable living trust offers added long-range planning advantages.

Because we act as your trustee rather than merely as your agent, you may arrange to have us take on broad responsibilities for managing your financial affairs. From a practical standpoint, each trust client has just as much investment control as he or she wishes. Typically, we provide professional management or investment guidance tailored to each client's needs and preferences. Some of our clients start off by managing their trust investments themselves, reserving the right to delegate investment responsibility to us in the future.

Our role is clear. We follow the client's instructions, as set forth in the written trust agreement, consistent with all applicable laws and fiduciary duties. There is no doubt that the client stays in control. Any client who becomes dissatisfied with our service is free to terminate the trust or change trustees.

Beyond control over the trust, our clients gain better control over their lives—a type of control that only a trust affords.

In case of incapacity. No one can escape the risk of an incapacitating illness or injury. When that occurs, others necessarily must take control of your finances. A living trust can allow the trustee to act on your behalf. The trust agreement can spell out the ground rules, how you want things handled. Without a trust, it's the Probate Court that decides who takes over in the event of incapacity. And then the ground rules are set forth in the law.

Financial privacy. Revocable living trusts make a highly adaptable framework for long-range family security planning. Any trust provisions that might be made for your family by your will can be made through a living trust. However, unlike a will, a living trust agreement normally does not go on public record at a person's death. Family privacy is preserved.

What to look for in your trustee

BENEFIT: *Trusted advice from a qualified professional*

Perhaps the single most important factor in the ultimate success of a trust-based wealth management plan is the choice of fiduciary. A wide range of capabilities is required for the effective discharge of a trustee's responsibilities. By law, and subject to the specific terms of the trust document, the trustee may have remarkable power over the fate of the family fortune. Trust creators need to have confidence that such power will be exercised wisely.

There are many important, built-in benefits to choosing a corporate fiduciary, such as us, as your trustee. For example:

- We treat estate and trust administration as a full-time job.
- We have facilities and systems for asset management that individuals lack.
- Trust funds in our care are doubly protected, both by internal audits and regulatory oversight by state or federal officials.
- We have an unlimited life, while an individual may die, become incompetent, or just disappear.
- We bring long experience and group judgment to the job of investment management.
- We will treat beneficiaries impartially, and most beneficiaries will appreciate that.
- We can withstand pressure when a wayward beneficiary asks to bend the terms of a trust, while an individual trustee might give in to requests for "more."

Quick Comparison

Which of our two money-management services is better for you? The answer depends on whether you simply want current investment supervision or seek long-term family protection as well.

	Investment Management Account	Living Trust
Professional, full-time supervision for your invested funds	YES	YES
We act on your behalf or submit recommendations for your approval, as you prefer	YES	YES
Collection of income, recordkeeping, and periodic reports	YES	YES
Freedom to change your instructions or cancel the service	YES	YES
Lifetime protection, making it possible for us to use income and principal for your benefit, pay bills, and attend to other financial matters in the event of your incapacity	NO	YES
Continuity of service for the benefit of others following your death, without "probate" delays	NO	YES
Reduction in expenses relating to settlement of your estate	NO	YES
Opportunity to save estate taxes at death of surviving spouse or other beneficiaries you have named	NO	YES

A Partial Checklist of Fiduciary Duties

How do the investment responsibilities of trustees differ from those who are not considered "fiduciaries" under the law? The American College of Trust and Estate Counsel, a professional organization of lawyers dedicated to improving probate and trust practices, created "What It Means to Be a Trustee: A Guide for Clients." The Guide notes that the following obligations are imposed upon the trustees of most trusts:

- Duty of skill and care.
- Duty to give notices.
- Duty to furnish information and to communicate.
- Duty to account.
- Duty not to delegate.
- Duty of loyalty.
- Duty to avoid conflict of interest.
- Duty of impartiality.
- Duty to invest.
- Duty of confidentiality.

Trust Protection for a Surviving Spouse

BENEFIT: *Lifetime income, free from investment management concerns*

A trust for your spouse, if you're married, can provide reliable financial support if he or she survives you. With a trust, professional investment management is built right in, an important consideration if the beneficiary lacks investment expertise. Generally speaking, there are three approaches to be considered.

Traditional marital trust. To qualify for the federal estate tax marital deduction, a trust must pay all of its income to the surviving spouse at least annually. With the traditional marital deduction trust, the spouse also has the power to alter the ultimate disposition of trust assets, typically through specific instructions provided in his or her will.



Qualified Terminable Interest Property Trust (QTIP trust). However, the spousal power to direct the trust assets isn't mandatory for the marital deduction. For example, in a second marriage situation, a QTIP trust might pay its income to the surviving spouse for life and its principal to children from the first marriage at the spouse's death.

Qualified Domestic Trust (QDOT). When the surviving spouse is not a U.S. citizen, this special form of trust must be used to secure the marital deduction. A QDOT pays all its income to the surviving spouse, and may in certain circumstances be subject to U.S. transfer taxes before the death of the surviving spouse.

Business Succession Planning

BENEFIT: *Keeping a family business in the family*

Questions about succession planning will come up quite naturally when business owners are doing their estate and retirement planning. When key employees need to be retained, ownership and succession matters are again likely to be put on the table. Among the early questions to be addressed:

- Who will be available to succeed to management? Do they already have the necessary skills and training?
- What will be the cash flow needs of the business at the founder's death? What impact will the founder's death have on the value of the business?
- What will be the cash flow needs of the founder's estate at his or her death? How will those needs be met?
- What role will nonfamily members play in the succession?

Ordinary Trusts and Their Uncommon Benefits

No two trusts are exactly alike. Here are representative samples of what can be achieved with a trust.

Beneficiary	Type of trust or account	Tax benefits?	Other benefits
Yourself	Revocable living trust	None	Professional asset management, continuous financial protection upon incapacity. Avoids probate in many states.
	Investment management account	None	Easy to set up, gain perspective of investment professionals.
Your spouse	Marital deduction trust	Full estate tax deferral in most cases	Spouse receives all trust income at least annually, may direct ultimate distribution of trust assets.
	Qualified domestic trust	Full estate tax deferral	Spouse must receive all trust income.
	Qualified terminable interest property trust (QTIP trust)	Full estate tax deferral	Especially appropriate for "blended families." Children's interests normally can't be changed by spouse.
Your family	Bypass trust	No federal estate tax, possibly for decades	Surviving spouse may also be a beneficiary.
	Spendthrift trust	None	Trust assets are protected from the beneficiary's creditors.
	Special needs trust	None	May provide for enhanced quality of life while permitting continued government benefits.
	Grantor retained annuity trust (GRAT)	Income and estate tax savings	Grantor's retained interest reduces gift tax exposure. Assets may be removed from estate taxation.
Your favorite charity, plus yourself and/or family members	Charitable remainder trust	Income, gift, and estate tax deductions	Income interest may be a percentage of the trust's value or a fixed dollar amount.

A trust can be a particularly useful mechanism for providing ownership across several generations. The trust may hold investment assets as well as the business interests. A corporate trustee can handle trust administration, providing custodianship and investment management, as well as fiduciary supervision of the trust. When some family members participate in the business and others do not, a trust may provide a mechanism for balancing interests and addressing conflicts without rancor or bias.

Special Needs Trusts

BENEFIT: *Lifetime supplement for someone with a disability*



Parents and grandparents of a child with a lifelong disability, such as autism, have a special estate planning challenge. On the one hand, they want to provide the financial support that the child never may be able to provide for himself or herself. On the other hand, they want to protect the child's eligibility for the full range of government support programs, including health care.

Distributing assets outright to a special needs person is likely to result in a disqualification for government benefits. Completely disinheriting the child is not a good idea, because government benefits alone may not be enough. Giving property to other family members with the "understanding" that it will be used for the benefit of the special needs person may work for some families, but there are risks. For example, such assets will be vulnerable to creditors, including potential ex-spouses should there be a divorce.

The better course, for many families, is to establish a "third-party" special needs trust. A "first-party" special needs trust is one established for oneself, with one's own assets. The assets of first-party trusts must be used to repay state Medicaid agencies that have paid for medical services. No such requirement applies to third-party trusts that are created for others.

This is a complicated area of law, and the rules vary from state to state, so the advice of a lawyer well-versed in special needs trusts will be essential.

When special needs trusts are administered by a corporate trustee, such as us, the assets receive professional management and the beneficiary receives continuous financial protection.

IRA Rollovers

BENEFIT: *Tax deferral and careful management of retirement capital*

If you will be receiving a lump sum distribution from a 401(k) plan or other employer-provided qualified retirement plan, you have some important tax planning ahead. You can defer income taxes, often for many years or even decades, by rolling the lump sum into an IRA. Most retirees will find an IRA rollover to be to their financial advantage. Should you decide to take this approach, arrange for a trustee-to-trustee transfer to avoid the 20% withholding tax that otherwise applies to lump sum distributions.

Roth IRAs. Another important consideration is the conversion of an IRA to a Roth IRA. Ordinary income tax will have to be paid on the amount converted, but subsequent investment income may be free of further taxation. What's more, there are no required minimum distributions for Roth IRA account owners, in contrast to ordinary IRAs.



Asset protection for your grandchildren

BENEFIT: *Provide beneficiaries with more than a simple bequest*

An inheritance might need protection from any number of dangers. Simple financial immaturity and lack of investment experience, for example. The temptations of luxurious living. Addictions. Attacks by scam artists. Well-intentioned but poorly planned business ventures. Claims by creditors, notably ex-spouses.

An inheritance in trust provides a barrier to financial misjudgment, even as it delivers professional investment management of assets. The trust principal may be distributed to the beneficiary over time on a planned schedule (so much at age 25, age 35, age 45, and so on) or upon the occurrence of specified events (completion of education, marriage or the beginning of a professional practice, for example). Or these distribution decisions can be left to the discretion of the trustee. A trust may transform an inheritance into a lifetime resource for financial security.

Here are examples of trusts that protect an inheritance.

Gifts-to-minors trust. For children who are minors, contributions of up to $16,000 per year to this account will avoid gift taxes. A married couple may together set aside $32,000 each year for each child, so in a few years a significant source of capital may be built up. Assets may be used for any purpose, including education funding, and must pass to the child when he or she reaches age 21.

Spendthrift trust. The beneficiary is forbidden to transfer any financial interest that he or she has in the trust, and may not compel distributions.

Discretionary trust. The trustee has sole discretion over what to do with trust income or principal, so that the beneficiary has no interest in the trust that can be transferred.

Support trust. The beneficiary's interest in the trust is limited to so much of the income as is needed for support, education and maintenance.

These are but starting points to begin a discussion of the benefits of a trust-based financial plan. Wealth protection trusts need to be tailored to the unique requirements of the family to be served.

Estate Settlement

BENEFIT: *Prompt implementation of will provisions, meticulous attention to details*



Everyone who owns property needs a will. If a valid will is lacking, a probate estate must be distributed according to the unbending laws of intestacy—a distribution that may bear little relationship to actual family needs or desires.

Unfortunately, many individuals leave an unrecognized weak point in their wills: Spouses, relatives or business associates are designated to fill what is presumably the mostly "honorary" post of executor or personal representative.

In reality, estate settlement involves a demanding, complex set of tasks—and the results, for better or worse, depend upon the experience, skills and judgment of those you designate to handle the job.

The executor or personal representative you name in your will is responsible for safeguarding the assets of your estate, for paying proper debts, for contesting improper claims, for collecting sums owed the estate, and for filing estate and income tax returns. Your executor must decide what to sell (and when) to pay taxes and estate expenses and what to hold for distribution to your beneficiaries or to trusts that you establish for their benefit.

In less complicated times, people relied on close relatives or friends to settle their estates. Today, naming an inexperienced executor is not only short-sighted but also potentially costly. The characteristics of an ideal executor or personal representative include:

- Financial responsibility
- Unquestioned integrity and freedom from personal bias
- Patience and sympathy
- Experience in caring for all types of assets and holdings
- Informed investment judgment
- Familiarity with special tax questions that arise when an estate is settled
- Immortality (What if your executor dies before you do, or before completing the settlement of your estate?)

We provide specialized skills in all phases of estate administration. As your executor, we're sure to be on hand when needed, and no relative or family friend could hope to match our experience and facilities. Yet our fees for estate settlement are no greater than inexperienced individuals might be entitled to receive.



Charitable Trusts

BENEFIT: *Harmonize philanthropy and family financial protection objectives*

Charitable trusts long have been an important part of estate planning. With trusts the benefit of owning securities or other assets can be split into two parts, present and future:

- One or more income beneficiaries can be given the immediate benefit of ownership in the form of periodic payments from the trust. These income payments can last for a specified number of years or for a beneficiary's lifetime.

Agent for executor or trustee

Because many people are unfamiliar with the complexities of estate settlement, especially for larger estates, they may name a family member as executor of their wills, or as trustee for trusts created for the long-term preservation and management of family wealth. Once an individual has accepted the office of executor or trustee, he or she may quickly learn that there is quite a lot to do on the job.

We can provide agency services to give the individual crucial support. Such services may include:

- recordkeeping;
- investment management;
- tax planning and return preparation;
- accounting and reporting;
- discretionary distributions in accordance with the trust agreement.

Our role in such circumstances can be tailored to meet the needs of the situation. We can take on just as much work as is wanted to get the estate settled or to keep the trust functioning smoothly, no more and no less.

- One or more "remainder beneficiaries" can receive the income-producing assets in the future, when the required income payments have been completed.

Both the right to receive trust income and the right to receive a trust's "remainder interest" can be valued for the purpose of granting income tax deductions, and also for the purpose of figuring gift or estate tax.

There are many possible variations of charitable trusts, each with important income, gift, estate and generation-skipping transfer tax consequences. The key to using today's charitable trusts successfully is to design an approach tailored to your own particular set of charitable intentions and family financial planning objectives.



Our invitation to you

You can look to us for a full range of money-management skills and facilities. And you will find an emphasis on responsive, personal service that is rare in today's business world.

We cordially invite you to become better acquainted with us and our work. If you prefer to have one of our financial professionals meet with you at your home or office, simply call or write us to arrange an appointment.



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Derrick joined Union Savings in 2013. He is a graduate of Cannon Trust School, Cannon Investment Management School, the Graduate School of Banking at the University of Wisconsin-Madison, and GSB's Financial Managers School. He holds a Certified Trust and Financial Advisor (CTFA™) certification, an Accredited Fiduciary Investment Manager (AFIM™) certification, and an Executive Leadership Certificate from the Wisconsin School of Business. Derrick is a current member and past president of the Connersville Rotary Club and serves on several local nonprofit boards. His areas of expertise include personal trust administration, estate settlement, investment management, financial planning, and guardianships.



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Joyce began working at Union Savings shortly after its Trust Department was opened. Overall, she has more than 30 years experience in trust and estate services. Her knowledge of trust and estate administration is a valuable asset to our trust customers.



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Brandon began working at Union Savings in 2019 while completing his MBA at Anderson University. Upon graduating, he accepted a full-time position with USLA and now serves as Trust Officer and Assistant Controller. He is currently enrolled in the Cannon Trust School program and is working towards earning the Certified Trust and Financial Advisor (CTFA ™) certification. Brandon is excited to assist current and prospective trust clients with all their trust needs.

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