

Trust Services

1NB Bank Trust Department is committed to its clients to provide quality services with a personal touch. Your financial information is personal to you. It is our policy to be discrete and professional in handling your financial matters in addition to giving our clients a sense of security and a comfort level in working with our personnel.

Founded May 7, 1973, the Trust Department has established a history with many clients and offers a variety of services.

Trust Under Will and Trust Under Agreement

- **Trust Under Will or Testamentary Trust**

A trust is established under a decedent's last will and testament naming 1NB Bank as trustee. The trust typically provides for any one or more of the following beneficiaries: decedent's spouse, children, grandchildren, charity etc. and terminates upon a specific date or event. The trust under will is often used to provide an estate tax shelter for the decedent.

- **Revocable Living Trust**

An individual (grantor) establishes a trust under agreement naming 1NB Bank as trustee. The trust agreement stipulates the purpose of the trust, beneficiaries of the trust, the trustee's duties and distribution of the trust at termination. The grantor may amend or terminate the trust at any time. Typically, the purpose of the trust is for the grantor's care and maintenance until their death or for the care of another party until some specified date or event. The trust relieves the grantor from having to invest funds, collect income, pay bills, monitor medical bills and medical insurance. If the grantor becomes incompetent, management of the assets continues with relative ease. In the event of the grantor's death, the trust is distributed to beneficiaries according to the terms of the trust agreement. If the trust agreement provides, the trust could remain intact, now irrevocable, for the benefit of individuals, charities, etc. until some specified date or event.

- **Irrevocable Trust**

The individual (grantor) establishes a trust agreement naming 1NB Bank as trustee and relinquishes all rights to amend or terminate the trust agreement. Along with other purposes, the irrevocable trust can be used to make gifts to others.

Farm Management

Southern Illinois is known for its agriculture. When farm real estate is held in a trust, 1NB Bank as trustee will typically manage the farm ground with a standard lease agreement for either cash rent or crop share. The lease may include building rental. Farm management does not include management of a dairy or hog operation or the like, or management of a closely held business. Fees for such services would be negotiated due to its uniqueness.

Guardianship/Conservatorship

1NB Bank is appointed by the court as guardian of the estate to care for the property of a minor or conservator of the estate to care for the property of an incompetent adult. The guardianship or conservatorship is governed by state law. An annual report of transactions is filed with the court that appointed the guardian or conservator.

Executor/Administrator of Estate

An individual names 1NB Bank as executor in their last will and testament. Upon the individual's death, 1NB Bank is appointed by the court to serve as executor of the decedent's estate. The decedent's will is the governing document, provided a will exists. If the decedent dies intestate (without a valid will), the estate is governed by state law. The executor settles the decedent's estate by collecting assets and income, paying expenses, filing tax returns and making distributions in accordance with the will.

Daily Money Management Account (Agency Account)

The money management account is the same as a non-managed money management account except that 1NB Bank has investment responsibility.

Non-Managed Daily Money Management Account (Agency Account)

1NB Bank acts as agent for an individual or entity (the principal). An agency agreement is executed by the principal, which outlines the duties of an agent. For a non-managed account, the principal retains investment discretion and directs the agent in writing regarding investment purchases and sales. This service involves the receipt, holding and safekeeping of securities deposited by the principal, collecting income and principal when due, and remitting the same, but 1NB Bank has no investment responsibility.

Self-Directed IRA

An individual funds a Self-Directed IRA by making an IRA contribution in an amount permitted by law, with existing IRA funds, or by rolling over eligible retirement accounts such as a pension or 401(k) plan. 1NB Bank serves as trustee and thereby collects income, makes allowable distributions, provides the IRA holder with quarterly statements and files all necessary reports with the IRS. A Self-Directed IRA gives the IRA holder the option of controlling their personal IRA by directing investments of the IRA funds. A Self-Directed IRA allows the IRA holder a variety of investment options to meet their lifestyle and economic needs. In addition to being able to purchase the traditional time certificates or savings account, the Self-Directed IRA allows investment in such things as stocks, bonds, mutual funds, etc. provided the investment is not prohibited by law.

Charitable Trust

A charitable trust either under agreement or under will contemplates the deposit of cash or other assets by corporations or individuals with the 1NB Bank as trustee, to be held and invested subject to the terms of the agreement with income and principal being disbursed from time to time for religious, charitable, benevolent, civic, or educational purposes. Unlike other trusts, charitable trusts may be perpetual.

Land Trust

A trust agreement is established naming 1NB Bank as trustee and stipulating the beneficiary(s) and terms of the agreement. 1NB Bank, as trustee, simply holds title to the real estate and may only enter into real estate transactions such as easements, deeds, leases, etc. upon the written direction of the beneficiary(s). 1NB Bank has no management responsibility. The most common purposes of a land trust are as follows:

- Privacy of ownership – The trust agreement is not recorded or of public record, only the deed is recorded, which discloses only the name of the trustee.
- Personal property – The beneficial interest in the land trust is considered personal property rather than real property, which can be easier to deal with when transferring property.
- Gifts of beneficial interest – Can be gifted as opposed to deeding the property.

Life Insurance Trust

An individual (grantor) establishes a trust agreement naming 1NB Bank as trustee.

- **Unfunded Life Insurance Trust** - The trust is not immediately funded, but rather the trust is named as beneficiary of a life insurance policy. 1NB Bank performs no duties as trustee except that the bank simply has custody of the trust agreement and life insurance policy.
- **Funded Life Insurance Trust** - Upon the death of the insured, the life insurance proceeds fund the trust and the trust becomes activated. Duties are now imposed on the trustee, not only to collect the proceeds of the life insurance policy, but thereafter to hold, manage, and disburse funds, to collect and remit income, and to disburse principal upon the termination of the trust.

Irrevocable Life Insurance Trust

An individual (grantor) establishes a trust agreement naming 1NB Bank as trustee. The trust is named as owner and beneficiary of the life insurance policy. A properly constructed irrevocable life insurance trust can be used to hold the “incidents of ownership” of a life insurance policy and, thus remove the proceeds from the individual’s taxable estate. The trust is irrevocable and must be carefully constructed by the grantor’s attorney. At the grantor’s death, the life insurance proceeds are paid to the trust and administered according to the trust provisions. The irrevocable life insurance trust is a vehicle to transfer wealth to beneficiaries, while excluding the trust funds from estate taxes.

Bond Registrar/Bond Paying Agent

As corporate bond registrar, 1NB Bank maintains a record of ownership of registered bonds. As bond paying agent, 1NB Bank collects funds from the obligor, such as a city or county municipality, corporation, etc. to pay maturing bonds and interest. Statements are provided to the obligor.

Funeral Trust

An individual (grantor) arranges a pre-need contract with an Illinois licensed funeral home that has executed a master trust agreement with 1NB Bank to act as Trustee. 1NB Bank will invest the funds paid by the individual in accordance to the pre-need contract. When the death of the grantor occurs, the trust is distributed to the funeral home upon receipt of proper documentation.

1NB Bank has the right at any time to decline from acting as trustee, guardian, conservator, executor, agent etc. 1NB Bank Trust Department will charge for services rendered based on the current published fee schedule. In addition to the current published fee schedule, the 1NB Bank Trust Department shall be entitled to additional compensation for activity such as, but not limited to, the operation or sale of a business, or litigation not normally associated with trust or estate administration or for extra-ordinary services.

Property held for clients in fiduciary or agency capacities is not included in the balance sheet of 1NB Bank, since such items are not assets of the bank but assets of the individual accounts being serviced by the Trust Department.