

CONTRACT TRUST CALL
MARCH 9, 2019

RECORD

DISCLAIMER

Hello Everyone. Today is Saturday, **March 9, 2019**. Welcome to our Contract Trust Conference Call. We are not accountants, tax professionals, lawyers , investment advisors or currency dealers. We are not engaged in rendering legal, tax, accounting or other professional advice. Should you require those services, you should retain competent advice from a professional in that field.

WELCOME

Today we will be discussing the use of Contract Trust as an Estate Planning vehicle to designed to protect your assets. As usual, my friend Judy will be assisting me and my partner Jim Knox will chime in with some timely advice.

Good day, Judy, are you ready to get started?

Yes, Carol.

1. What are the advantages of using the Contract Trust?
 - a. There are obviously many, but for most people the single biggest feature is that you can become the Trustee. Quite simply, there is no one between you and your money.
 - b. The Trust does not rely on any state laws or regulations for its power or authority. The Trust Organization is a contract in trust format. It derives its legality and lawfulness from the Constitution of the United States of America, Article I, Section 10 which preserves and protects the unalienable rights of all Americans to enter into a contract.
 - c. The Trust owns its assets in fee simple (meaning 100% of the asset) that is managed by one or more Trustees. The assets of the Trust will never be subject to probate or inheritance/estate taxes.
 - d. The assets of the Trust are protected from third party creditors who may have an issue with you personally.
 - e. Because it is not registered in any state, your privacy and anonymity are pretty much guaranteed.

2. What is involved in creating a Contract Trust?
 - a. This Trust is a contract, and since we can't contract with ourselves, we use a third party, called a Creator. The Creator can be anyone you choose. Your adult child, your brother-in-law, a trusted co-worker. The Creator *temporarily* takes title to your assets and "exchanges" them into the Contract Trust. This is all on paper. The Creator doesn't need to know how much of anything you are exchanging into the Trust. As this is an exchange, you need to get something back, right? The Creator gives you \$21 and 100 Trust Certificate Units. I usually suggest that you "give" the Creator \$21 ahead of time, or take them out to lunch, so they are not spending their own money.

3. Does the Creator have anything else to do with the Trust?
 - a. The Creator's last task is to appoint a First Trustee. While he or she can appoint anyone, the typical and most logical appointee for Trustee is you, the original Investor. Lets face it, if you were smart enough to buy all that currency, wouldn't you be the most logical choice?
 - b. After the appointment of the First Trustee, the Creator exits the Contract Trust, with absolutely no further responsibility, duties, authority or liability regarding the Trust Organization.

4. Can I be the only Trustee or can my spouse be a Trustee also?
 - a. The Trust can operate with a single Trustee. In the case of a married couple, one spouse typically appoints the other as Co-Trustee.

5. How do we take care of our children with the Contract Trust?
 - a. Most people choose one or more adult children to be their Successor Trustees. Successor Trustees simply take over the management of the Contract Trust when you and your Co-Trustee die.

6. How can I be sure the Contract Trust will stay in my family in future generations?
 - a. Many of us will be creating generational wealth when the RV occurs. While you can't "rule from the grave", you can specify that all future Trustees be a part of your bloodline, to be proven by a DNA test. For instance, you could name your daughter as your Successor Trustee, and she can name her children, but not her husband.
 - b. We can also add a Spendthrift clause so no future Trustee, Successor Trustee or

Certificate Holder shall have any right to alienate, encumber or hypothecate any interest in the Trust, thus further protecting it from possible future reckless behavior or management.

7. I've heard that using a Trust can save me money on taxes. Does this apply to the Contract Trust as well?
 - a. While the primary benefit of the Contract Trust is asset protection, it may save some money on taxes.
 - b. Having your assets in a Contract Trust protects them from Estate and Inheritance Taxes. You died, the owner of the assets, The Trust, did not.
 - c. We have all heard the this RV will most likely not be taxed at the federal level, but it may be taxed at the state level. Certainly any income earned by the Trust will be taxable. Not a good scenarion if you live in a high tax state like California or New York.

8. I live in a state that has high state taxes. Is there any way to avoid being taxed on the RV in my state?
 - a. We suggest that you "domicile" the Trust in a state that does not levy a state tax. Corporations and LLCs have been using that particular method for years.
 - b. We recommend Wyoming, as there are few, if any, laws in Wyoming regarding this type of Trust. A mailbox in Evanston costs about \$125 to set up for a year. They will accept up to 5 Trusts per mailbox. We have a similar recommendation in Vancouver, Washington. You MUST maintain that address to keep the Trust protected from any state tax.
 - c. While privacy is of the utmost importance, any mailbox rental will provide a USPS form which requires your name and home address.
 - d. I also suggest you send the Trust a piece of registered mail to further verify the address of the Trust.

9. Ok, so I've got the mailbox, what next,
 - a. Once you have completed a short application, we will obtain an EIN for the Trust, and create the Trust with your personal information. The Trust you receive from us is totally personalized for you, and every line that needs a signature has your name on it and is flagged by a sticky note to make it easier for you and the Creator to navigate.

10. **Q and A**
Talk about Certs
11. How do I get money out of the Trust?
- a. That is a great question and one that we often hear. There are several ways. As Trustee, you are entitled to a salary. While this is taxable to you, I think it is still a good idea. You can take a much or a little as you determine you need. If you find you can't make it on 10 grand a month, give yourself a raise!
 - b. You are also entitled to a share of a distribution, much like a stock dividend, if you, the Trustee decides to make one. Again, that is taxable income.
 - c. Let the Trust pay for your business expenses. You will have office expenses, professional assistance as well as automobile expenses. If you are planning a trip, make it a business trip, so you can write off most of the expenses. Likewise with a golf or tennis membership. You need to expand your circle of potential business offers, right? Suppose you are thinking about buying property in Europe. Why not make it a working vacation. Talk to realtors, pick up business cards, etc. I'm sure you'll meet a lot of business contacts on the golf course, tennis court, marina, etc. Maybe the Trust could contribute to the cost of those memberships. While I wouldn't try to write off the cost of everything, this is certainly a good way to pay for these expenses. The Trust can also pay for your insurance needs.
 - d. You can also borrow money for big ticket items like real estate and new cars. You must make payments, even if it is just a nominal amount for interest. How about a 10 year renewable balloon note at 2% interest? You must make the interest payments or the IRS could consider it a gift.
 - e. Another method is to have your first or "Mother Lode" Trust create and fund additional Trusts to purchase that new house or fancy car. That way the new Trust owns the asset from day one, it is not a taxable event and you don't have to make payments.
12. If it is not taxed, and I put all of the money in the Trust, I will be taxed when I take it out, right? How do I get money out up front without paying taxes on it?
- a. Again, I am not a CPA or tax planner. This is just my opinion on how we may be able to take advantage of this one-time tax break. I think most of us have issues that we need to address post RV. Whether it be outstanding debt, a new car, helping out friends, we don't want to pay taxes if we don't have to. So, at the exchange, how about this scenario? "Mr. Banker, I now have x million dollars. I would like you to put \$100K into my personal account. Here is my account

number and wiring instructions. I would like to take \$9500 cash with me when I leave today, as well as a funded debit card attached to my *personal* account. I will need these wires to be sent and here is a list of cashiers checks that I need. I will need a pass through account for X \$. I would like to put the balance into an account at your bank for ABC Trust to begin a long term, mutually beneficial relationship. Here is my paperwork (Abstract and EIN should be all that you need.)". This is obviously pretty simplified, but you get the idea.

13. That sounds logical enough. I'm concerned that I'm going to be overwhelmed with the paperwork necessary to keep me out of trouble with the Contract Trust. Do you have instructions about what I have to do?

- a. Each Trust comes with several .pdf files that explain the Trust, advise how to operate it with the legal backup for all of it. We also have an extensive members only website to which all of our clients have access.
- b. The biggest thing to remember with an asset protection plan is "Do Not Commingle" the Trust money with your money. That's a big no-no.
- c. You also need to write periodic minutes to reflect your actions and give your future successor Trustees a history of what you have done with the Trust.

14. That sounds like a lot of work, is it?

- a. Actually, its not difficult at all. However, you may have a lot of projects you wish to start. Consider this, after the RV and this new found wealth, do you really think you will be managing that money and your projects yourself? The numbers this may bring in are far higher than most of us have ever dreamt about, let alone managed. Don't expect to be able to live the life of Riley, just because you finally have some money. Great wealth also brings great responsibility. I would suggest a competent Trust Management company to advise you. You will probably want to hire your own personal manager or Executive Assistant.
- b. I would caution you to find a good head hunter that will vet good candidates. It is NOT a good idea to hire your grandson, sister or best friend. Hire a reputable company to hire your 'personal manager' and other employees. Make sure that the company fully vets the candidates to include full background checks to include previous employment, police record (to include fraud, amongst other criminal activities), previous marriages (worst case, they are harassed on the job by and ex or back child support), military background and verify educational background to include delinquent student loans and a full credit check. If any of those previously mentioned come up, the might be tempted to steal from you, blackmail you or worse, help kidnap you.

- c. Your personal manager is your liaison to all the rest of the 'department heads' for all your projects. They report to the 'personal manager' and reports to you and you decide if you need personal time with the department heads.
15. You mentioned other Trusts. How many do I need and do I need them now?
- a. Good question Judy. All you really need right now is the Mother Lode Trust. You may have heard that we will need separate accounts for whatever currency you exchange. The key word here is *Account*. You can open multiple accounts under the same Trust.
 - b. Further down the line, you will probably want additional Trusts for your projects, real estate, vehicles, etc.
 - c. You may also want our Triple Play, which includes a Pour-over Will, Durable Power of Attorney and Health Care Directive.
 - d. Jim and I and our staff will be around for about 6 months post RV to assist you with your Trust needs.

JIM

I think that about wraps it for today. Like many of you, we have heard that we must have a Trust when we exchange, so I urge you to be prepared. Typical turnaround time is less than a week, but I expect that to be considerably longer post RV. Our Contract Trusts are well priced for Dinarians at only \$1495 for a new clients, and \$1195 for additional Trusts or family members. We also offer a \$300 referral fee for any fully paid new Trust.

Thanks for your attendance and attention. We look forward to hearing from you soon.

Carol