

CONTRACT TRUST CALL

June 22, 2019

RECORD

DISCLAIMER Hello Everyone. Today is Saturday, June 22, 2019. Welcome to our Contract Trust Conference Call. We are not accountants, tax professionals, lawyers 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 Welcome to summer everyone! Yesterday was the longest day of the year. The days of waiting for this elusive RV seem to get longer everyday as well. Hopefully we are nearing the end of this long ride. We thought we'd take this opportunity to address some questions we've been hearing lately.

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

1. Carol, we've been told that if we have Zim or expect to receive more than one million dollars, we need to have a trust. Can't I just wait and have the bank create one for me?
 - a. I totally agree that we **MUST** be prepared before we go to our exchange. If we go to the exchange without a trust, rumor is the bank will create a skeleton or temporary trust for you. That is **NOT** in your best interest. Any trust that the bank creates will put them in a trustee position, not you! Would you really want the bank to control your money?
 - b. Also, arriving prepared indicates to the bank that you have done your homework, have done your research and may deserve a higher rather than someone who has not. Having your Trust prepared ahead of time shows the bank you have spent the time and effort to protect your privacy and anonymity and that you are prepared to use these funds wisely and prudently.
2. Some are saying a revocable grantor trust is the way to go. What is your opinion about that?
 - a. The revocable grantor trust provides some privacy to your assets as **it avoids probate and the publicity associated with it**, but that's about all the benefits it provides. It, like a will, offers absolutely no asset protection, and the same inheritance taxes may apply to the revocable grantor trust.
3. Do you have an alternative?
 - a. We offer a Non-grantor Irrevocable Common Law Contract Trust. I know it's a

mouthful, so we just call it a Contract Trust. It is technically a Business Trust, but we have opted to drop the word Business from the title as sometimes causes confusion. If you trust says Business Trust, its ok and still very valid.

- b. Use of the Contract Trust that we offer totally eliminates probate and inheritance taxes. Consider what could happen if you went to cash in your currencies, and then with this sudden newly realized wealth you suffered a heart attack and collapsed right on the bank floor and died, or you stepped outside and were unfortunately struck by a bolt of lightning, tornado or a speeding car. You and your heirs could be facing a substantial (and totally unnecessary) "haircut," of this new-found wealth. It could be years before your family sees any of that money. While those are extreme examples, I'm sure you get the point.
 - c. Unlike a revocable grantor trust, the Contract Trust is irrevocable. In a typical revocable grantor trust, the Grantor, (you) can change your mind about what you have granted or given someone right up until your last breath. The IRS has a clawback clause. In a financial or business setting, "clawback" may refer to a provision in a contract that allows money or benefits to be taken back if special circumstances arise. So, the IRS MAY decide that because you still had total control, the assets of that revocable trust may be part of your estate when you die. With an irrevocable Contract Trust, you give up all right, title and interest to the asset, irrevocably, so it will never become part of your estate, thus no probate and no inheritance taxes.
 - d. Irrevocable means no one can tell you to terminate the Trust to pay someone else, so your assets are protected from anyone trying to get money from you personally.
4. You mentioned that with the Contract Trust, the assets are protected from state and inheritance taxes. Why is that so?
 - a. The Contract Trust is created in contemplation of life, not death. The most significant distinctions between revocable and irrevocable trusts are the estate tax considerations. Property that you place in an irrevocable trust is no longer considered part of your estate, meaning that the property typically isn't included in your estate's value when it comes to determining if you owe death taxes and, if so, how much.
 5. Are there other benefits of a Contract Trust over a statutory revocable grantor trust?
 - a. A statutory trust is a "privilege" granted by statute and is regulated by the laws of the states in which it was created. A Contract Trust is actually a contract in trust format. The "right" to contract is guaranteed by Article 1, Section 10 of the US Constitution, a common law contract itself. When researching the two, you won't even find the Contract Business Trust in the "T" as in Tom section of the Law Library, but in the "B" as in Boy section.

- b. One of the major benefits is that the Contract Trust contract allows you to be the Trustee of your own Trust. You retain full management, control and benefit of the assets of the Trust. There is no one between you and your money.
 - c. In my opinion, the Contract Business Trust is the best asset protection vehicle for this RV. The Contract Business Trust is a common law document and is legal in all 50 states and common law countries. It is private, not required to be registered in any state (except Nevada), unless it is actively engaged in operating a business. That ensures your privacy.
 - d. There are no annual fees.
 - e. Record keeping is minimal, and you can do it yourself.
 - f. You can name your spouse as co-Trustee.
 - g. One or both of you can become Executive Trustees, allowing one to act on behalf of the other.
 - h. You can name your children as Successor Trustees.
 - i. You can designate 1 or more Successor Trustees, specifying that they both become Trustees at the same time, or one goes before the other. You can change this designation at any time for any reason.
 - j. You can add a “bloodline” clause, to ensure that your family’s generational wealth does not fall into other’s hands.
 - k. You can also add a “spendthrift” clause so no one can hypothecate or pledge his or her possible share of Trust income.
6. I’ve heard that the RV exchange will probably not be a taxable event. Does the Contract Trust need a EIN?
- a. We do obtain an EIN as part of our service. It confirms that the Trust is an entity unto itself and the assets belong to it, not you. It is required when opening a bank account.
 - b. Keep in mind that Zim is a bond so it may be taxed. Be prepared. Keep in mind that Zim is under international law. We suggest you set aside 40% -50% in a tax account. If the proceeds are taxed, you’re covered. If not, you reap a sizable harvest next year.
7. I read my EIN letter and it says I have to file a Form 1041. The Trust hasn’t earned any money, why do I have to file?

- a. You just answered your own question. The Trust did not earn any money. There are no filing requirements if the Trust earned less than \$600. You will have to file taxes on any earned income. Hopefully, your charitable donations will offset any earnings.
8. So how do I get started?
- a. We have an application that requests minimal information from you.
 - i. First off, you must name your Trust. Strangely enough this is a bit of a stumbling block for many. Anything that sounds good to you is OK. Try for a strong sounding name. DO NOT use your surname or sequential numbering, e.g. My Trust #1, My Trust #2, etc. That would indicate there is more than one.
 - ii. You need an address for the Trust. One thing we strongly suggest is utilizing a common business practice of domiciling the Trust in one of the 7 states that do not have a state income tax.
 - (1) We recommend Wyoming or Washington, where it is easy to get a mailbox with a street address and there are no stringent laws about Trusts. We have sources in both states that will allow up to 5 Trust per box for about \$125 per year.
 - (2) As an aside, I personally recommend that regardless of where you live, get a mailbox near you to protect your privacy and anonymity.
 - (3) If you change the current domicile of the Trust, you must complete Form 8822b and advise the IRS of that change. You must also document the change with a Minute. A sample Minute is on our website.
 - iii. This Trust is a contract and one cannot contract with one's self, so you need to name a Creator for the initiation of the Trust and Appointment of the First Trustee. This person has no further obligation, liability, responsibility or authority in the Trust.
 - (1) Although the Creator's role is very important, it is also very short lived. The Creator can be anyone; a sibling, adult child, or friend. It should be someone who lives near you, as you both need to sign several pages of the Trust before a Notary.
 - (2) Once the Creator has initiated the Trust and appointed the first Trustee, (you) he or she exits the contract.
 - (3) Many are concerned that the Creator will have too much

information about their assets. This is one of the most common issues I hear. To paraphrase from the Trust Preamble... “ the Exchanger (you) does hereby bargain, assign, convey, exchange and deliver to the Creator, who now temporarily takes and holds title thereto in the Trust Organization; all that certain property of the Exchanger as listed in Schedule A. This exchange does not constitute a sale or gift.” The Exchange is on paper only. We prepare all the paperwork for you.

- iv. You are exchanging your assets with the Creator for \$21 and 100 Trust Certificate Units. We usually suggest you “lend” the Creator the \$21 or take him or her to lunch, so they’re not out anything by assisting you.
 - v. You both have to initial Schedule A, but no amounts or values of anything are written.
 - vi. You name yourself as Investor/Exchanger #1. If you are married, name your spouse as Investor/Exchanger #2.
 - vii. You are the First Trustee nominee. Your spouse is the Second Trustee Nominee.
 - viii. You must name at least one Successor Trustee.
 - ix. List the currencies you hold. Amounts are not necessary.
 - x. Add your SSN, so we can obtain an EIN for the Trust. Although some people have a previously assigned EIN, we always get a new one for your new Trust.
9. You mentioned Successor Trustees. Is that how I take care of my children and future generations?
- a. Yes. When the Trust is created, you need to name one or more successor trustees. That's usually your kids. If they are minors, you can name an interim successor Trustee to manage the trust on their behalf until they are old enough and mature enough to handle it. If your kids are minors, I suggest the age at which they take over from the interim successor trustee to be at least 25.
10. You said this was technically a Contract Business Trust, do I need to operate a real business?
- a. No, the business of your Contract Trust is estate planning.
 - b. While the best answer is always a truthful one, we suggest you do NOT say **Business** Trust to the Banker, as they will expect state certification, etc, as you would have in a typical business enterprise. You will be far better off referring to

it merely as a Trust.

Q & A

11. Speaking of business, how much work is it going to be to manage this Trust?
- a. Several years ago, when my husband Jay and I started in the Trust business, Jay said, “We can’t just give people the keys to this F16 with giving them an owners manual”, so we created several booklets about the Trust, including “How to Operate”. Your Trust package includes membership to our website, with these booklets, including sample minutes for your use, as well as a host of legal back up, including Am Jur 2nd, on Business Trusts.
 - b. We give you very specific directions on operating your Trust, as well as instruction on writing minutes that document your actions. This saves you time and money.
 - c. Our website, www.indicatorinformation.com, is full of sample minutes for your use. The website is “members only” for your authorized use only. Please email me for an invite code to join.
 - d. Many of us of a certain age purchased foreign currency to fund our retirement. Given a couple of million, I’m sure most of us felt we could handle that windfall on our own. Over the years, we have purchased more currency and learned about Zim and the possibly enormous sums we may receive at redemption. It is too much for most of us to manage without help. There will be all kinds of advisors to help manage this money. There will be personal banking assistants, wealth advisors, trust management companies, and various professional teams to assist you. So while we can retire from our jobs, a lot of work is still in front of us. Fortunately, we will be the ones hiring help in the future.
12. Will I need more than one Contract Trust?
- a. While you probably don’t need additional Contract Trusts at this point, you will most likely want to diversify post RV.
 - b. We like to call this first Contract Trust your Mother Lode Trust. It is and should stay private, known only to you and your Private Banker/Wealth Manager.
 - c. We suggest that you never purchase anything from this Trust, and never do online banking from this Trust. You won’t even need checks or a debit card.
 - d. Once all the initial business of the RV has settled down, you may wish to create additional Contract Trusts for specific needs. We offer secondary trusts, Real Estate Trusts, Vehicle Trusts, Management Trust and Charitable Trusts.

13. How do I get money out of the Contract Trust?
- a. There are actually four different ways. The first way is to pay yourself a modest salary as Trustee. This should be enough to cover your everyday needs, groceries, utilities, gasoline, medical bills, etc. The second way is to declare and pay a “Distribution” to the Trust Certificate Holders of the Contract Trust. In either case, this money is taxable income to you. You probably want to take some money this way and pay a minimal amount of tax.
 - b. You could also borrow from the Trust. A big question for many is “How do I pay off my house?” or “How do I purchase new property?” There are a couple of ways to do this. You could borrow the money from the Trust personally, essentially a new mortgage or refi, (refinance) that you control, or the Trust could pay-off/purchase the property itself. In either case scenario, you still end up owning the property in your own name. This is NOT a good idea if you are trying to keep a low profile. A better option is to obtain a mortgage from the Trust, secured with a promissory note, and put the house into a Real Estate Trust. This would be optimal for larger expenses and is not a taxable event! You could use this same method to purchase new vehicles, etc.
 - c. Creating secondary Contract Trusts is another way to purchase big ticket items without creating a loan or a taxable event.
 - d. Don’t forget about tax deductible expenses. What about vacations and golf and tennis club memberships? As a Trustee you are charged with managing and growing your Trust. That means you probably want to investigate business opportunities and relationships, does it not? Most of those expenses are tax deductible to the Contract Trust.
 - e. Regardless of which method or combination of methods you choose, be sure to write minutes to support your actions. You must be diligent in keeping the Contract Trust legal and in compliance with Federal, State, County and City codes.
14. I have heard that this exchange may not be a taxable event. How can I take advantage of the one time tax break?
- a. 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/wiring instructions. I would like to take \$9500 cash with me when I leave today, as well as a debit/credit 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. Here is my paperwork (Abstract and EIN should be all that you need.)”. 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. This is obviously pretty simplified, but you get the idea.

- b. I have been asked how to pay for a grandchild's college tuition. I think your wealth adviser/CPA would be the best one to answer that question. However it is accomplished, pay the institution, not the child or the child's parents. That would make it a taxable event. The same is true for medical expenses.
15. Some of your literature suggests multiple sweep bank accounts. Why?
- a. Opening your initial account gets reported to the government. That account information could be compromised or fall into public hands. That's why we suggest "sweeping" funds to other accounts, which is a non-reportable internal creation.
16. We have heard that we should have a separate account for the dinar, apart from other currencies. Does that mean another Trust?
- a. The important word here is "account". One Contract Trust can own several bank accounts, so the answer would be no. However, you can have additional Trusts if you feel you want to set it that way.
 - b. The Trust can have as many bank accounts in as many banks and locations as you feel appropriate. Personally, my husband and I will have our Mother Lode Trust accounts at several different banks.
17. How long does it take to set up a Contract Trust and how much does it cost?
- a. Typical turnaround time has been less than a week, until recently. With all the anticipation of the RV happening soon, we have been very busy.
 - b. The pre RV cost is \$1495 for the first Trust, additional Trusts are \$1195.
 - c. This is a one time charge and since it is not registered with the state, there are no annual fees to the state like there are with corps and LLCs.
 - d. We also offer a \$300 referral fee for new clients.

Thanks Judy, for your help today.

Jim, you always have some interesting tidbits to share. What's on your mind today?

Jim contact info.

Carol close.

Thanks Jim.

Like many of you, I have heard that we must have a Trust when we exchange, so I urge you to be prepared. Typical turnaround time right now is about a week, but I expect that to be considerably longer post RV. Our Contract Trusts are well priced at only \$1495 for a new clients, and \$1195 for additional Trusts or family members. We also offer a 20% referral fee for any fully paid new Trust.

We also offer the Triple Play, which includes a Pour Over Will, Power of Attorney and Health care directive. The Triple Play is \$275 for a single and \$350 for a couple.

That's about it for today. Thank you again Judy for your assistance. Thanks to all of you for your attention and participation. We'll be back in couple of weeks. Enjoy your weekend and may it be a blessed one for all of us.

Again, my name is Carol Werelius, 425-820-8090
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GO RV!