

**CONTRACT TRUST CALL
AUGUST 10, 2019**

RECORD

DISCLAIMER Hello Everyone. Today is Saturday, August 10, 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 My name is Carol Werelius. Thanks for joining us today. It does appear that our long awaited RV is about happen. My associate Jim Knox and I have decided to start giving you some instruction on how to use your Contract Trust to your best advantage. I'm sure many of you have lots of questions, so please write them down or press *6 to raise your hand during this call. We're going to start with some questions we have received.

1. **Social Security.** Some folks are concerned about losing their Social Security benefit because their SSN still shows up on Trust bank accounts and the application for the EIN. As Trustee of the Trust, you are the manager of the assets, not the owner. Let's use this as an example. Suppose you are the manager of a local business. As manager, you have signature authority on the business bank account. You can write checks to pay your employees and vendors and other business related expenses. You do not own the business, the bank account, or any other assets of the business. The business is not responsible for your personal debts and you are not responsible for the debts of the business. You would invite a whole lot of trouble if you started using that account for your own expenses. The same is true for being the Trustee of the Trust. Like the business, you do not want to co-mingle your personal funds, like social security, with Trust funds. Some folks have decided they are not going to continue to collect their Social Security benefit post RV. That is a personal decision. You earned it, you

have right to it.

2. **Government Assistance.** There are some folks who are receive government assistance for whatever reason. That is different than a Social Security benefit. While you should still be able to receive it, you haven't earned it and let's face it, you won't need it.
3. **Business Trust.** Some time ago we decided to remove the word Business from our Trusts. The Trust has NOT changed. In reality, it is still a Business Trust. We removed the word because it has caused some confusion with Bankers, who immediately assume you need to be registered with the state, etc., which you are not, because you don't have to. You do, however, need to register with the state if you are operating the Trust as a business enterprise.
4. **Naming your Trust.** This still seems to be a stumbling block for many. You are looking for privacy and anonymity. We suggest a strong sounding name. While I often suggest naming the Trust after a favorite pet, I would not recommend the Fluffy Trust! You should NOT use your surname. You should not number the trusts. Enterprises, or anything that sounds like a business, should also be avoided. You should also avoid a name that may be associated with you. For example, if you have a business named Lions Group, it is not a good idea to name the trust Lions Trust.
5. **Completing the Trust.** We have gone to great lengths to make this an easy process for you. We give you very explicit instructions on the signing process. Any line that requires a signature has a name below it. Certain pages need to be signed **in front of a Notary**. Those pages and the Notary pages are all flagged. The Creator signs and dates Certificates 1 and 2. **DO NOT** sign Certificates 3 and 4. They are for future use. We suggest you read the entire Trust before you take it to the Notary.
6. **Funding new Child Trusts.** Many of you have set up additional Trusts for family, projects etc. Many of you will do the same post RV. The big question is, how do I fund those additional Trusts? There are two different scenarios with two different strategies. For those who wait until post RV to create these Trusts, it is a relatively simple process. When your Trust was created you exchanged your assets (currency) into the Trust for \$21 and 100

Trust Certificate Units. That was it, easy, breezy, no tax consequence. It works the same way for funding additional (child) trusts. You and the Motherlode Trust exchange certain real, business and/or personal property assets (dollars) into Child Trust XYZ. The amounts are listed on Schedule A. You exchange \$100 and the Motherlode exchanges an unspecified amount. You both receive Certificates. 50/50, 90/10 whatever. Child Trust XYZ is now funded. At some point Motherlode relinquishes its Certs back to XYZ. Again, This is not a loan, but an exchange. Per an IRS Tax Publication: If a bona fide transfer, sale or exchange is made at arm's length in the ordinary course of business, the transaction will be assumed to be for consideration and not gratuitous. A consideration that is not reducible to a value in money or money's worth, i.e., love and affection or promise or marriage, is to be wholly disregarded and considered totally gratuitous.

7. **Funding existing Child Trusts** that have already been established is not quite so easy. We are assuming that we will not have an opportunity to open more than one new account on RV day. We have long suggested that you request x amount of dollars for a holding or escrow account to fund those Child Trusts. When those Child Trusts were created, they were funded with currency. In reality, Motherlode exchanged all of the currency, now she has to disperse it in a lawful, legal way without creating a taxable event. So, like most financial transactions, we have to have a paper trail. You will write minutes noting that XYZ Trust loaned Motherlode x amount of Dinar, Dong etc. For that loan, Motherload gave XYZ some of its certs for collateral. Once Motherlode has the money from the RV, she repays the dollar amount of the loaned currency to XYZ and receives a paid in full receipt and her certs back. You will of course, have to determine how much money XYZ needs. This is one time deal and the paper trail must be created and be made part of your Trust paperwork. Sample will be available on the website.
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