

PUT YOUR **TRUST** IN US



FIRST STATE 
BANK AND TRUST

Achieve More. Together.™

When you trust someone, you put your faith in their reliability and integrity. When you create a trust fund with First State Bank and Trust you are trusting in our expertise to follow your wishes, manage your wealth, and provide for your beneficiaries.

WHAT IS A TRUST FUND?

A trust fund is a formal arrangement between two parties — a trustor and a trustee — to manage certain assets such as money or property for the benefit of someone else, a beneficiary. Each role has a clear definition:

- ▶ A trustor is the person or persons setting up the trust. Trustors, who are also called donors or grantors, have some asset they would like managed.
- ▶ A trustee is the person or entity responsible for managing and preserving the assets in the trust according to the trustor's wishes.
- ▶ Beneficiaries are the people or organizations who benefit from the arrangement made between the trustors and trustees.

TRUST: A FIRM BELIEF IN THE RELIABILITY, TRUTH, ABILITY, OR STRENGTH OF SOMEONE OR SOMETHING

Aaron and Janeen Michaels have been married for 35 years and during that time Aaron has handled all the family finances. Janeen is unfamiliar with how their personal finances work and would prefer someone else manage their assets if something were to happen to Aaron.

Aaron, the trustor, set up a trust fund for Janeen with First State Bank and Trust, the trustee. In the event of his death, First State Bank and Trust will take over paying the bills, balancing the checkbook, paying taxes, and managing the investments and finances for Janeen.



WHAT'S THE DIFFERENCE BETWEEN A TRUST FUND AND A WILL?

Both wills and trusts are used in estate planning. A will is a legal document covering dispersal of all your assets after you die, whereas a trust outlines specific assets and can go into effect immediately after it is created. Other differences are:

WILL	TRUST
Must go through probate, which is a legal process that can delay a beneficiary receiving their assets and can be costly	Does not have to go through probate, thus saving time and money
Depending on the state, the assets in the will could be subject to estate taxes	Depending on the type of trust, the assets may not be subject to estate taxes
Covers all property in your name	Covers only property listed in the trust
All assets going through probate become a matter of public record	Assets named in a trust remain private
Beneficiaries of your will are your survivors	You can be a beneficiary of your own trust fund
Beneficiaries receive benefits after your death	Beneficiaries can receive benefits while you are alive

A TRUST CAN HELP REDUCE TAXES, PROTECT YOUR ESTATE, PROVIDE FOR SPECIAL NEEDS, AND MANY OTHER PURPOSES.

YOU DON'T NEED TO BE RICH

Most people unfamiliar with banking or trust funds often assume that such funds are only for the rich. However, you don't need to be wealthy to benefit from a trust fund. People of all ages and all incomes can reap the rewards of asset management through a trust fund. Such benefits may include:

- ▶ Reduced taxes
- ▶ Elimination of estate taxes and probate for your beneficiaries
- ▶ Provide for a person who is disabled or in special circumstances
- ▶ Provide funding for a specific purpose, such as a college education
- ▶ Expert management of your investments
- ▶ Benefit a charity or institution



John and Ellen Benson have some money they want to use for their 3-year-old grandson, Tony, to go to college. They worry that if they give the money to their children, the money may be used for other expenses before Tony is old enough to go to college. They want to ensure the money is used for college.

The Bensons worked with First State Bank and Trust to create a trust with specific rules about how the money was to be invested and dispersed. When Tony turns 18 and enrolls in college, he will be able to submit his tuition, room and board, books, and expenses to First State Bank and Trust for payment.

TYPES OF TRUSTS

There are two categories of trusts: revocable and irrevocable.

A revocable trust is also called a living trust. This type of trust allows you to make changes to your trust fund including your beneficiaries, what assets are being held, the rules of the trust, and so forth. It is a flexible trust and can be changed or stopped during your lifetime. Revocable trusts are not subject to probate but may be subject to estate taxes for your beneficiaries.

An irrevocable trust is one that permanently places your assets into the trust and can't be changed after it is established. This type of trust avoids both probate and estate taxes. Here is an example of an irrevocable trust:

Susan Hill is an avid bird watcher and volunteers at the Raptor Center in Minnesota. She is not wealthy, but has a small life insurance policy that she would like to leave specifically to the Raptor Center. If Susan places this wish in her will, the funds from the life insurance policy may be delayed in probate and may be reduced in value due to estate taxes and other legal costs. The experts at First State Bank and Trust recommended an irrevocable trust fund that protects the life insurance policy from probate delays and taxes, ensuring that the full amount goes to the Raptor Center.



FIRST STATE BANK AND TRUST

First State Bank and Trust is a true community bank that has been in business in the St. Croix Valley for more than 100 years. We offer a full range of banking and financial services at competitive interest rates and fair service fees. We are a state-chartered, independent community bank headquartered in Bayport, MN. With our advanced technology you can also bank with us 24 hours a day, 365 days a year. Our Trust Department is one of the largest community bank trust departments in the Midwest, and we currently hold assets in excess of \$4 billion. Our friendly experts are available to help with financial planning, wealth management, investment advice and research, as well as serve as trustee to comply with your wishes for your assets and your beneficiaries.

- ▶ Fees we charge are based on the market value of the account and the services we provide.
- ▶ The advice we provide is honest, unbiased, and solely in your best interest.

We believe our clients are provided with outstanding personalized service, excellent advice, and the flexibility to meet their financial needs. Let us help you manage your assets and provide for your future. You can put your trust in us.

WHY CHOOSE US?

Staff Longevity. Avoid having to deal with constantly changing Trust Officer.

Community Bank. Friendly and easy to work with, and we are an integral part of the community.

Convenient Location. Easy access and free parking.

Outstanding Reputation. Trust us because of our outstanding reputation in times of transition.

Responsive Customer Service. We actually answer our phones.

Convenience. Trust services can be integrated with banking and other related accounts.

Transparent Fees. Reasonable and competitive fees.

Experienced. Educated and knowledgeable staff.

Visit us online at www.fsbt.com or call us at 651.351.3760 or 1.800.848.4897 (toll free) to schedule an appointment today.



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AS HAVING ONE OF THE
LARGEST
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BANK TRUST
DEPARTMENTS IN
THE MIDWEST
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IN EXCESS OF \$4 BILLION

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