

## PURPOSE OF THE SETTLEMENT TRUST

DO NOT SHARE THESE INSTRUCTIONS WITH ANYONE, THEY ARE NOT PART OF YOUR TRUST DOCUMENTS BUT THEY ARE VERY IMPORTANT SO THAT YOU CAN UNDERSTAND THE PURPOSE OF THIS TRUST DOCUMENT AND HOW TO USE IT.

This only purpose of this trust is to allow you to clear or settle funds, such as checks made payable to your name. It is not designed to be used as a savings or investment account, or to hold title to any type of property other than a bank account and it's not designed for the operation of a business.

This trust is not intended for any estate planning purposes, meaning that just because we name a beneficiary, it does not mean that you expect property to be inherited by the beneficiary if you should be lost at sea, die, fall into a coma, or lose your sanity. You only need one beneficiary, just enough to make the trust contract a valid trust.

The only purpose for this trust is to change the signature rights on the bank account so that no creditor can levy them. If a signer has rights over the account, it is possible for a creditor to use those rights to attach (take) the money in the account.

This trust will divest all signature rights from the signer and give the signature rights to the beneficiary, who is not a signer. Normally, the banking system prohibits this because it is viewed as an aspect of money laundering. The banks want to see the identification of every signer on the account, whatever account is at the bank. The signer for this trust account discloses his identifying documents, but the trust document itself divests the signer of all signature rights and gives them to the beneficiary who does not give his identifying documents to the bank, but has all the rights over the account. It's a clever trick.

The banks will open the account because this is a valid trust agreement; however, it does not care how you are using the account. Even though the signer has divested all of his rights, he can use it however he wants, just like a personal account.

Because this account is used just like a personal account, there are no tax benefits. Any money deposited into this trust account is simply the income of the trustee in his individual capacity (not as trustee). However, whenever you, as trustee, sign checks or sign the signature card at the bank, or in behalf of this trust, always use your title "as Trustee" or "TTEE", next to your signature.

### TRUST EIN

No person or entity is required to have or use an employer identification number or social security number (tax number or ITIN, etc.); however, the banks will not open an account unless a tax number is used, and you want to use an actual tax number for this trust to avoid backup withholding issues. Even though the trust has an EIN and it may even receive a 1099, it does not need to file a tax return, just report any income to the trust on your personal tax return as personal income (you don't need any 1099 forms).

This is where you can obtain the trust EIN online, <https://sa.www4.irs.gov/modiein/individual/legal-structure.jsp>. And be sure the EIN is assigned to the name of your trust, such as "WILLIAM T. SMITH, TRUST". The application is to obtain an EIN for an IRREVOCABLE trust, for banking purposes only. You can use the same address you do for other personal bank accounts, it really does not matter. It will only take a few minutes to obtain the EIN online, and the website will generate a PDF approval letter. Be

sure to immediately save that in a file on your computer, you will need it whenever opening any bank accounts.

Do not use this trust to hold title to any property, or for a business and it is not recommended for a stock trading account or an account with a crypto-graphic currency exchange. If you need something for these types of properties or accounts, you will want to use a limited liability company.

#### FORM W-9

You will want to provide any third parties with a Form W-9 "Request for Taxpayer Identification Number and Certification", and you can download it for free by searching "IRS.GOV Form W-9 PDF" in your favorite search engine, or via this link: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>. You do not need to pay any money or disclose your name or use a printable / fillable form, these are all marketing services and websites, just get the form from the actual IRS website and sign for the trust "as Trustee", do not give your SSN, only use the EIN for the trust on this form. It will prevent backup withholding. (Backup withholding is described under 26 USC 3406 and requires the payor to withhold 30% of your account or receivable and pay it to the IRS, forcing you to file a tax return to recover it, possibly). You can avoid any of this by simply providing a correct Form W-9 when asked, or with your new trust account.

You can open as many accounts as you want, any bank will work fine, none are special, just choose a bank with services that you prefer. You don't have to be the trustee to use this, for example, you can have your grandfather be the trustee and open an account where he is signing as trustee, and then he can simply give you all the bank account documents and access and you can use that account, just like you would your own personal account and it won't create any tax consequence for your grandfather and you simply treat it as if it were your own personal bank account.