

College Education Trust

This College Education Trust Agreement ("Agreement" or "Trust") is made effective as of _____, between _____, residing at _____ ("Grantor") and ("Trustee"). This Trust shall be known as the _____ College Education Trust, dated _____. In consideration of the mutual covenants and promises set forth in this Agreement, the Grantor and the Trustee agree as follows.

1. Purpose / Irrevocable Trust. The primary purpose of this Trust is to receive and manage assets for the health, education, and support of the beneficiary. THIS TRUST IS IRREVOCABLE. The Grantor realizes that the right to revoke or amend this Trust may be reserved, but that right is expressly waived. This Trust is not subject to alteration, amendment, revocation, or termination by the Grantor or any other person. The Grantor renounces any possible benefit from this Trust.

2. Funding of Trust. This Trust is being funded initially with the amount of \$_____, the receipt of which is acknowledged by the Trustee. Additional funding may be provided by (i) life time gifts made by the Grantor to this Trust, (ii) transfers made to this Trust as testamentary gifts by the Grantor, and (iii) such other transfers of property that may be made to this Trust from time to time by the Grantor or other persons. The Trustee shall manage and distribute the Trust assets for the benefit of the Beneficiary in accordance with the terms of this Agreement.

3. Distributions to the Beneficiary. Until the Beneficiary attains the age of 25 years, the Trustee may distribute to or for the sole benefit of the Beneficiary as much of the income and/or principal as the Trustee (in the Trustee's sole discretion) may determine is necessary for the Beneficiary's health, education, and support. Any amount which the Trustee does not distribute to or for the benefit of the Beneficiary shall be accumulated and added to the principal of the Trust. No distributions of principal or income shall be made to or for the Beneficiary which would have the effect of satisfying the Grantor's legal obligation, if any, to support the Beneficiary.

4. Education. For the purpose of making distributions under this Trust, the term "education" shall include reasonable costs for college, trade schools, job training, or other costs that reasonably develop income-earning capabilities.

5. Termination of the Trust at Age 25 Years. When the Beneficiary attains the age of 21 years, the remaining trust assets shall be distributed to the Beneficiary and this Trust shall then terminate.

6. Continuation of Trust. As an alternative to mandatory termination of this Trust at age 25 years, the Beneficiary may request that this Trust be continued. If the Beneficiary makes a written request to continue this Trust within 60 days after the Beneficiary attains the age of 25 years, the Trustee shall continue the Trust until the Beneficiary attains the age of 30 years.

a. Distributions After Age 25 Years. During this additional time period, all of the net trust income shall be paid to the Beneficiary at least annually. In addition, the Trustee shall distribute to or for the benefit of the Beneficiary as much of the principal as the Trustee (in the Trustee's sole discretion) may determine is necessary for the Beneficiary's health, education, and support. In making such distributions, the Trustee shall take into consideration any other income and property that is known by the Trustee to be available to the Beneficiary for the above purposes.

b. Termination of the Trust If the Trust Has Been Continued Past Age 25 Years. When the Beneficiary attains the age of 30 years, the remaining trust assets shall be distributed to the Beneficiary and this Trust shall then terminate.

7. Death of the Beneficiary. If the Beneficiary dies before attaining the age at which this Trust shall terminate, the following provisions shall apply.

a. General Testamentary Power of Appointment. The Beneficiary shall have a "general testamentary power of appointment" to distribute the remaining trust assets. Having this power means that the Beneficiary may state in the Beneficiary's last will and testament (or in some other written document that is signed by the Beneficiary and acknowledged before a notary public or similar official) who will receive the remaining trust assets, if the Beneficiary dies before attaining the age at which this Trust shall terminate. The Beneficiary shall have the absolute discretion to state who the beneficiaries will be. The beneficiaries may include the Beneficiary's estate and/or creditors. To validly exercise this power, the Beneficiary's will (or other document) must specifically refer to this power. Upon distribution of the trust assets, this Trust shall then terminate.

b. Alternate Distribution. If the Beneficiary fails to validly exercise this general testamentary power of appointment, the Trustee shall distribute the remaining trust assets to the Beneficiary's then surviving descendants on a "per stirpes" basis. If the Beneficiary has no surviving descendants at such time, the remaining trust assets shall be distributed to the Beneficiary's heirs-at-law. Heirship shall be determined in accordance with the intestacy laws of New Hampshire then in effect.

c. Failure of the Trustee to Receive Notice. If the Trustee does not receive actual notice of the existence of a will or other document exercising this general testamentary power of appointment within 90 days after the Beneficiary's death, then the Trustee may distribute the trust assets under the prior paragraph as if such power had not been exercised. However, if the power really has been exercised, this paragraph shall not prevent the beneficiary of such a power from enforcing the power as exercised.

d. Types of Distributions. Distributions to a beneficiary may be made (i) outright to such beneficiary, (ii) to any other trust that has been created for such beneficiary or (iii) to a custodial account for such beneficiary under the applicable Uniform Transfers to Minors Act (or equivalent legislation). The Trustee shall have the sole discretion to determine which alternative to use.

8. Limitations on Powers. Notwithstanding any other provision of this Agreement to the contrary, the following limitations on powers shall apply.

a. No power granted to the Trustee in this Agreement or under law shall be construed to allow the Grantor, the Trustee, or any other person to purchase, exchange, or otherwise deal with or dispose of all or any part of the principal or income of this Trust for less than an adequate consideration in money or money's worth, or to enable the Grantor to borrow all or any part of the principal or income of the Trust, directly or indirectly, without adequate interest or security.

b. No person, other than the Trustee acting in a fiduciary capacity, shall have or exercise the power to vote or direct the voting of any stock or other securities of the Trust, to control the investment(s) of the Trust either by directing investments or reinvestments, or to reacquire or exchange any property of the Trust by substituting other property.

9. Protection of Beneficiary. The Beneficiary may not sell, assign, transfer, or pledge (or in any other manner dispose of or encumber) the Beneficiary's interest in any part of the Trust. The interest of the Beneficiary shall not be subject to assignment, anticipation, claims of creditors, or seizure by legal process. If the Trustee believes that the Beneficiary's interest is threatened to be diverted in any manner from the purposes of this Trust, the Trustee shall withhold the income and principal from distribution, and shall apply payment in the Trustee's discretion in such manner as the Trustee believes shall contribute to the health, education, and support of the Beneficiary. When the Trustee is satisfied that such diversion is no longer effective or threatened, the Trustee may

resume the distributions of income and principal as authorized.

10. Trustee Powers. Subject to the other provisions of this Agreement, and in addition to any other powers and authority granted by law or necessary or appropriate for proper administration of this Trust, the Trustee (and any successor trustee) shall have the following rights, powers, and authority, without order of court and without notice to anyone.

a. Receive Assets. To receive, hold, maintain, administer, collect, invest and re-invest any trust assets, and collect and apply the income, profits, and principal of the trust in accordance with the terms of this Agreement.

b. Receive Additional Assets. To receive additional assets from other persons and sources including assets by testamentary disposition; all such additional assets shall be held and administered under, and be subject to, the terms of this Agreement.

c. Retain Assets. To retain any asset, including uninvested cash or original investments, regardless of whether it is of the kind authorized by this Agreement for investment and whether it leaves a disproportionately large part of the Trust invested in one type of property, for as long as the Trustee deems advisable.

d. Dispose of or Encumber Assets. To sell, option, mortgage, pledge, lease or convey real or personal property, publicly or privately, upon such terms and conditions as may appear to be proper, and to execute all instruments necessary to effect such authority.

e. Settle Claims. To compromise, settle, or abandon claims in favor of or against the Trust.

f. Manage Property. To manage real estate and personal property, borrow money, exercise options, buy insurance, and register securities as may appear to be proper.

g. Allocate Between Principal and Income. To make allocations of charges and credits between principal and income as in the sole discretion of the Trustee may appear to be proper, and to create reserves for taxes, depreciation, and other lawful purposes.

h. Employ Professional Assistance. To employ and compensate legal counsel and other persons deemed necessary for proper administration, and to delegate authority when such delegation is advantageous to the Trust.

i. Distribute Property. To make division or distribution in money or kind, or partly in either, at values to be determined by the Trustee, and the Trustee's judgment shall be binding upon all interested parties.

j. Enter Contracts. To bind the Trust by contracts or agreements without assuming individual liability for such contracts.

k. Exercise Stock Ownership Rights. To vote, execute proxies to vote, join in or oppose any plans for reorganization, and exercise any other rights incident to the ownership of any stocks, bonds, or other properties of the Trust.

l. Duration of Powers. To continue to exercise the powers provided under this Trust notwithstanding the termination of the Trust until all of the assets of the Trust have been distributed.

m. Compensation and Expenses. To receive reasonable compensation for trustee services provided under this Agreement and be exonerated from and to pay all reasonable expenses and

charges of the Trust.

n. Standard of Care. To acquire, invest, reinvest, exchange, retain, sell, and manage trust assets, exercising the judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Within the limitations of that standard, the Trustee is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by a way of limitation, bonds, mutual funds, debentures and other corporate obligations, and stocks, preferred or common, that persons of prudence, discretion, and intelligence acquire or retain for their own account.

o. Methods of Distribution. To make payments to or for the benefit of the Beneficiary (including the possibility that the Beneficiary might be under a legal disability) in any of the following ways: (a) directly to the Beneficiary; (b) directly for the health, education, and support of the Beneficiary; (c) to the legal or natural guardian of the Beneficiary; or (d) to anyone who at the time shall have custody and care of the person of the Beneficiary. The Trustee shall not be obligated to see the application of the funds so paid, but the receipt of the person to whom the funds were paid shall be full acquittance of the Trustee.

p. Loans. To make loans to the Beneficiary for housing and support needs, educational purposes, or to take advantage of an exceptional business opportunity.

11. Trustee Provisions. These additional provisions shall apply regarding the Trustee (and any successor Trustee).

a. Successor Trustee. If at any time a Trustee cannot serve because of the Trustee's disability (as previously defined), death, resignation, or other reason, _____ is appointed as the successor Trustee. If such appointee is unable to serve for any reason, _____ is appointed as the alternate successor Trustee.

b. Financial Reports. The Trustee shall provide financial reports to the Grantor on at least an annual basis as long as the Grantor is living. After such time, financial reports shall be provided at least annually to the Beneficiary. If the Beneficiary is under any legal incapacity, the financial reports shall be provided to the Beneficiary's guardian (natural or otherwise) or conservator. Financial reports shall include a balance sheet that lists the assets and their values, an income statement that shows income and expenses, and a listing of distributions on behalf of the Beneficiary.

c. No Bond. No bond shall be required of any Trustee, unless required by law.

d. Institutional Trustee. Any institutional trustee serving under this Trust must have a total capital account of at least fifteen million dollars, have an established Trust Department or Trust Division, and must be qualified to act as a trustee under the laws of the United States or any state of the United States. The acceptance of trusteeship by any institutional trustee is full evidence of its agreement to these provisions.

e. Liability of the Trustee. The Trustee shall have liability only for the Trustee's acts and omissions that are made in bad faith. Further, a successor Trustee shall not be liable for any acts or omissions of any prior Trustee.

12. Non-Court Trust. Unless required otherwise by law, the Trustee shall administer this Trust as a non-court trust, without the necessity of notice to or approval of any court or person. As provided

by law, the Trustee may petition a court to take jurisdiction over this Trust.

13. Governing Law. This Agreement shall be construed in accordance with the laws of the State of _____.

Grantor

Trustee

STATE OF _____
COUNTY OF _____

This Trust instrument was acknowledged before me on this _____ day of _____, 20__.

Notary Public
My Commission expires:

College Education Trust Review List

This review list is provided to inform you about this document in question and assist you in its preparation. This is a standard format for an educational trust. Add and modify as you see fit. The trust ends at 25, not 21. Consider whether you believe this appropriate for your circumstances.

1. Make multiple copies. Give one to each relevant party. Keep one with the transaction file.