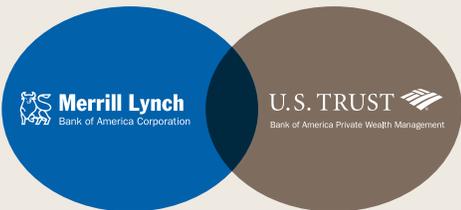


The Role and Responsibilities of a Trustee

Working together, Merrill Lynch and U.S. Trust bring you the capabilities of a premier global investment firm and one of the nation’s leading trust organizations.

Your Merrill Lynch advisor can work with you on an approach designed to provide the specific services you need in the way that works for you.

The result is a relationship supported by the investment insights of Merrill Lynch and the deep fiduciary experience of U.S. Trust—a relationship dedicated to helping you address your unique goals and priorities.



Being appointed as trustee is often viewed as an honor and an indication of confidence in one’s judgment and capabilities. But serving as trustee can be a time-consuming task—one that carries significant responsibilities. If you have been named as a trustee or need to select a trustee, it is important to understand what is involved and the ways in which U.S. Trust® may be able to help you or your selected trustee.

WHAT ARE THE RESPONSIBILITIES OF A TRUSTEE?

A trustee takes legal ownership of the assets held by a trust and assumes fiduciary responsibility for managing those assets and carrying out the purposes of the trust. A trustee has a fiduciary duty to act in the best interests of both current and future beneficiaries of the trust and can be held personally liable for any breach of that duty.

The duties and responsibilities normally fall into the following categories:

Administer the trust according to the terms of the trust document

- Understand the intentions of the trust creator to the extent possible
- Maintain all documents and create proper records and procedures for administering the trust
- Collect all trust assets and properly transfer them into the name of the trust
- Fully understand the terms and provisions of the trust document, including any discretion granted to the trustee, such as discretion regarding investment or distribution decisions
- Make required or discretionary distributions to beneficiaries
- Hold periodic meetings of the trustees if there are co-trustees
- Distribute final assets to the beneficiaries when the trust terminates

Trust and fiduciary services are provided by U.S. Trust, a division of Bank of America, N.A., Member FDIC and wholly owned subsidiary of Bank of America Corporation (BoFA Corp.). Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer, Member SIPC, and other subsidiaries of BoFA Corp.

Investment products:

| | | |
|-----------------------------|--------------------------------|-----------------------|
| Are Not FDIC Insured | Are Not Bank Guaranteed | May Lose Value |
|-----------------------------|--------------------------------|-----------------------|

Prudently manage trust assets in alignment with investment objectives

- Discharge duties according to fiduciary standards:
 - Exercise care, skill and diligence that a prudent person acting in a like capacity and familiar with such matters would use to conduct his or her own affairs
 - Diversify investments in accordance with modern portfolio theory and applicable state law to help minimize risk
- Develop and document investment objectives for the management of trust assets, including identifying goals, performance objectives, targeted asset allocation, types of investments permitted (and prohibited), liquidity standards, and roles and responsibilities of any appointed parties
- Manage any unique assets such as real estate or business interests
- Conduct a periodic review of all trust assets to determine whether they are being managed according to the terms of the trust and investment objectives

Use and distribute trust assets for the purposes described in the trust

- Become familiar with each beneficiary's needs and circumstances
- Act in the best interests of the trust beneficiaries; balance the needs of all beneficiaries, current and future
- Regularly communicate with the beneficiaries and provide pertinent information
- Consult the co-trustee(s) on significant trust matters
- Seek professional assistance as needed
- Monitor trust expenses to make sure they are appropriate and reasonable

Account for and report on trust assets; prepare the necessary tax and regulatory filings

- Keep complete, accurate and detailed records of all income collected, expenses, purchases, sales and other transactions of the trust
- Separately account for principal and income balances as necessary
- Maintain proper and adequate insurance on trust assets where appropriate

- File periodic and final accountings as required by state law
- File timely and accurate fiduciary income tax returns for the trust, where appropriate, and pay any applicable taxes
- Provide regular statements and tax information to beneficiaries and others as required

Manage third-party professionals

In fulfilling the responsibilities, a trustee may appoint third parties to take on certain responsibilities such as management of specific types of assets or preparation of tax returns. When that is done, the trustee assumes additional responsibilities.

- Review the performance of appointees on an ongoing basis
- Evaluate the fees for all services provided

WHAT MAKES A GOOD TRUSTEE?

Characteristics

- ✓ Honesty and trustworthiness
- ✓ Specific knowledge of estate planning; prudent investor concepts and guidelines; insurance, tax and trust law; and real estate
- ✓ Organizational, managerial and problem-solving skills
- ✓ Good human relations and communication skills
- ✓ Longevity

Guiding principles

- ✓ Maintain confidentiality
- ✓ Remain loyal yet impartial
- ✓ Avoid conflicts of interest or any act of self-dealing
- ✓ Maintain solid documentation and policies
- ✓ Act prudently in fulfilling fiduciary responsibilities

HOW CAN U.S. TRUST HELP?

As one of the nation’s largest and oldest providers of personal trust services, U.S. Trust brings a high level of skill, knowledge and experience to handling trusts, including managing investments and administering complex trusts. U.S. Trust can serve in a variety of different roles, enabling Merrill Lynch clients to select a level of service that meets their needs.

Select administrative services—U.S. Trust assumes responsibility for selected trust administrative duties on a stand-alone basis, such as principal and income reporting, fiduciary income tax preparation and reporting, valuation services, directed distributions and bill payment.

Agency services—U.S. Trust is appointed as agent to fulfill selected fiduciary responsibilities, such as discretionary investment management and tailored administrative services while working closely with other individual trustees or advisors.

Trustee, co-trustee or successor trustee—U.S. Trust assumes full responsibilities as a corporate trustee serving alone or alongside one or more co-trustees, now or when the current trustee is no longer able or willing.

THREE LEVELS OF SERVICE TO ADDRESS YOUR SPECIFIC NEEDS

| ADMINISTRATIVE SERVICE | AGENT FOR TRUSTEE | TRUSTEE OR CO-TRUSTEE |
|---|--|--|
| <p>U.S. Trust assists the individual trustee(s) by providing select administration services such as:</p> <ul style="list-style-type: none"> • Bill payment • Tax preparation • Valuations • Distributions • Principal and income reporting | <p>At the discretion of the individual trustee, U.S. Trust provides:</p> <ul style="list-style-type: none"> • Discretionary investment management using Merrill Lynch open-architecture investment programs with investment oversight from U.S. Trust • Administration services including: <ul style="list-style-type: none"> – Bill payment – Tax preparation – Valuations – Distributions – Principal and income reporting | <p>As trustee or acting in concert with co-trustees, U.S. Trust:</p> <ul style="list-style-type: none"> • Provides fiduciary investment management using Merrill Lynch open-architecture investment advisory programs with investment oversight from U.S. Trust • Provides comprehensive trust administration services • Makes required as well as discretionary distributions • Manages communications with beneficiaries |

Regardless of the role in which U.S. Trust serves, it:

- Generally is held to higher standards of responsibility and judgment than individual fiduciaries
- Has the necessary recordkeeping systems in place to manage information and report to beneficiaries, tax or other governmental authorities and the courts
- Is independent, impartial and objective, making it easier to balance the potentially competing interests of current and future beneficiaries
- Provides permanence and continuity—will not become ill or die, become embroiled in family conflicts, or tire of responsibilities
- Monitors changes in applicable laws and trends in the trust and financial industries
- Offers convenience and security
- Has the ability to manage nonfinancial assets such as private company interests, investment real estate, oil and gas interests, timberland and farm and ranch land through its Specialty Asset Management group

TAP INTO OUR STRENGTH AND CAPABILITIES

Your Merrill Lynch advisor works closely with experienced, knowledgeable and dedicated professionals from U.S. Trust to offer access to trust and estate services that address your specific goals. The result is a fully integrated approach to helping you meet all your trust and wealth management needs.

ml.com/legacy

U.S. Trust, Merrill Lynch, and their affiliates do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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