



Trust *Update*

Summer 2004

www.TCKansas.com

Family Fairness: Ensuring a legacy of harmony

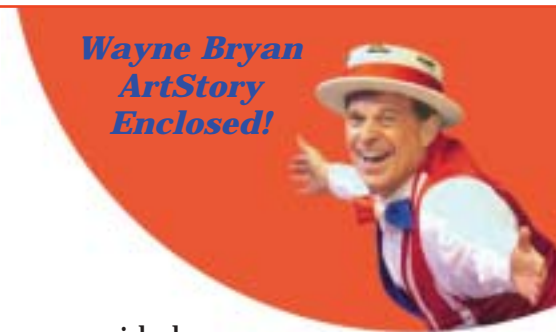
In a perfect world everyone's behavior and attitudes would be quite predictable. In the real world, unfortunately, People—even those close to us—may not necessarily think and act the way that we expect.

By some estimates, as much as 70% of family wealth does not make a successful transition from one generation to the next. "The issues of communications, lack of trust and betrayal are again and again the reason for the high failure rate of families around the world," according to Roy Williams, coauthor with Vic Preisser of *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values*.

Goal: equality

Parents often recognize that although siblings may love and respect each other, when it comes to issues of inheritances and dividing money, the picture may change.

A typical solution is to treat all children equally. Yet circumstances may make achieving that goal extremely difficult. If, for instance, lifetime gifts or "inheritance advances" have been made to one child, taking steps to "equalize" a bequest to another child is possible. Making such provision is probably best done during one's lifetime rather than by will or trust, so that misconceptions or miscommunications



are avoided.

There can be a multitude of family circumstances that call for a more formal plan of action. For instance, what happens when a child has poor money management capabilities? Or finds himself or herself in a difficult marriage? Or has special medical needs? In these situations, and many others, a carefully crafted trust may offer a potential solution. Language in a trust document can call for a child's inheritance to be conditioned upon gainful

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Exciting, rewarding and creative ways you can make the arts shine!

The much-anticipated "Supporting the Arts" campaign is underway, and the results are starting to show. Underwritten by The Trust Company of Kansas; the campaign seeks to encourage volunteerism, increase charitable giving and boost attendance.

"The arts give more to our clients and communities than we can ever hope to return. They enhance quality of life, teach our youth and adults,

and give us spectacular experiences," says Steve English, TCK president, "this campaign allows us to serve as a conduit between the art community and individuals who enjoy supporting the arts."

Marketing Resources, the campaign creator and directing agency, recruited other businesses to join in as sponsors. They include Credit Union of America,

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*Mirko D'Angelo
Campaign ambassador*



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employment or protected from a divorcing spouse to ensure that the assets pass to future generations. A special needs trust can be established for a disabled child to preserve eligibility for government assistance.

Goal: impartiality

Naming a child to serve as a trustee or executor may cause tensions. Those positions carry with them authority and control—and may be perceived as favoring one child over another. Appointing an independent trustee and executor relieves those tensions and assures children that judgments will be rendered impartially.

More information on choosing a trustee can be found on page 3 of this newsletter.

Distributing personal assets

To baby-boomers the most valuable possessions may not necessarily be antiques but, rather, more contemporary collectibles, such as trading cards and Barbie dolls.

"It doesn't matter if it's a lot or a little money," says Dr. Henry F. Smith, a psychoanalyst affiliated with Harvard Medical School. "Money is a way to quantify love. And both anticipating and receiving [an] inheritance

intensifies both the loving and hating aspects of relationships between child and parent, and sibling and sibling."

What can be done to avoid a conflict over family heirlooms and collectibles? One solution may be time consuming but surefire: Identify a beneficiary now for everything that carries sentimental as well as real value to family members. Another idea is to make gifts of those collectibles that are likely to cause problems later. A family meeting can be convened to find out how each child feels about treasured objects, and plans can be made or adjusted, taking into account what has been gleaned from the discussions.

Making gifts of collectibles and family heirlooms during one's lifetime also makes sense from a tax perspective. By taking advantage of the federal gift tax annual exclusion, assets that are potentially subject to estate tax at death can escape tax altogether. The gift tax exclusion is currently \$11,000 per year per individual (and is indexed to inflation). In addition, any future appreciation of the gifted property escapes taxation in the donor's estate.

Finally, with a major collection, consideration should be given to a sale of the collection

Tops in Wichita

Martha Linsner, Vice President and Trust Officer, has been selected as a 40 under 40 honoree for 2004; a prestigious honor awarded by the Wichita Business Journal to the top 40 young professionals in the community. Martha was honored June 24 at the annual 40 under 40 recognition dinner.



"We were elated when we heard the good news - this award is proof of the hard work she does every day for our clients and the Wichita community," says Steve English, TCK president.

to another interested collector. The proceeds from the sale then can be divided accordingly. If the collection is to remain intact, detailed instructions should be left that will permit the experts to determine the value of the collectibles and how best to dispose of them.

Call us, we can get you started.
Wichita: 800-530-5254
Lawrence: 800-749-0904
Leavenworth: 800-758-1155

Personal Briefs

Dianne Allison was elected to serve as secretary/treasurer on the board of the Kansas Bankers Association-Trust Division for the upcoming year.

Janis Bunker has been elected Vice-President of Lawrence Women's Network.

Dan Brogren & Janis Bunker presented a seminar titled 'Concepts in Investment Planning' to the staff and faculty of the University of Kansas in February as part of the annual *Financial Planning Awareness & Pre-Retirement Planning* seminar series.

Janet & **Steve English**, Jeff & **Martha Linsner**, David & **Janis Bunker**, **Dianne Allison & Terry Richards** entertained a group of 20 TCK clients on a weekend trip to Omaha, Nebraska to visit Warren Buffet at the 2004 Berkshire Hathaway Shareholder's Meeting April 30-May 2, 2004.



Sheryl Hammond, right, accepts the United Way 2003 Pinnacle Award on behalf of TCK.

Choosing your trustee...

When you create a trust, either now or to take effect under your will, whom do you want to choose as your trustee?

One or two individuals may come to mind. Literally, they are people whom you can trust - as they should be. These potential candidates, however, must possess other qualities just as important as trustworthiness.

Responsibilities of a trustee

To understand what these qualities are, you need to have an idea of the complex duties that a trustee must shoulder. Here, in order, are the key responsibilities of a trustee:

Initial steps. Study the terms of the trust and review the trust agreement or will. Accept trusteeship and take control of the assets. Meet with the trust's

creator or beneficiaries to determine income and principal needs.

Begin administrative duties. Transfer assets to the trust's name and set up records.

Inventory assets and record tax basis and acquisition dates of all trust assets. Determine adequacy of property insurance.

Undertake recordkeeping responsibilities. Collect income from investments and reinvest proceeds of matured investments. Record details of all investment income and principal receipts and disbursements.

Act as investment manager. Establish appropriate investment strategy. Monitor investments and make appropriate changes. Review the trust assets regularly for quality and performance. Supervise business and real estate interests.

Carry out duties to beneficiaries. Remit income

LEARNING

...NEVER ENDS

The following officers attended the MoKan Midwest Trust & Financial Services Conference in early May in Overland Park, Kansas. They attended to stay current on trends and developments in the trust industry that may affect clients:

Dianne Allison	Vicki Broderick
Dan Brogren	Janis Bunker
Steve English	Mike Goldak
Martha Linsner	Bill Mills
Terry Richards	Chris Walker

regularly and send detailed income and principal statements. Exercise discretion in advancing principal amounts to beneficiaries, if needed and permitted by the terms of the trust. Pay for support, education and medical needs of beneficiaries, if required.

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Donate Art Supplies for CityArts Kids!

Thousands of Wichita children descend on CityArts every year to learn painting, pottery, paper mache, coloring and more.

Programs exist for underprivileged, mentally handicapped and physically disabled children as well as summer camps and public school classes.



Each year the demand for supplies grows further beyond CityArts' budget—forcing them to limit programs and attendance.

TCK wants to help put art supplies in the hands of children. The needs are often inexpensive.

As a TCK client you can help!

1. Choose from the CityArts Wish List at www.TCKansas.com (Or call Martha Linsner at 800-530-5254 to have the list mailed to you)

2. Buy the item(s) you choose.

3. Deliver them to official drop

off locations listed in the green box below.

Or write a check to CityArts for the corresponding amount and mail it to:
The Trust Company of Kansas
ATTN: CityArts Supply Drive
P.O. Box 3699
Wichita, Kansas 67201

DROP OFF LOCATIONS

Credit Union of America lobbies
Downtown: 711 W. Douglas
West: 212 S. Ridge Rd.
South: 5055 S. Broadway
East: 3605 N. Rock Rd.
Via Christi: 929 N. St. Francis

Providing trust services in these Kansas communities

Wichita Lawrence Leavenworth Arkansas City Atchison Augusta Emporia
Eureka Everest Haven Kansas City Olpe

T H E T R U S T C O M P A N Y O F K A N S A S

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Fahnestock Heating AC & Electric, Koch Siedhoff Hand & Dunn LLP, Pen Publishing Interactive, Prairie Pines, Printing Inc., WDM Architects and Wichita Clinic.

TCK's experience in structuring endowed and planned giving, including Charitable Remainder Annuity Trusts and Charitable Remainder Unitrusts, helps individuals make sure the arts get the full value of their gifts while showing them every tax advantage possible. TCK also encourages clients to help in other ways.

"We hope our clients will call their favorite arts organization and offer to volunteer, or ask what is needed," says English.

To find out how you can help call Martha Linsner at 800-530-5254, or go to the "Supporting the Arts" section at www.TCKansas.com!



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Attend to tax issues. Keep records of taxable income and adjusted cost basis of assets. File fiduciary income tax returns and furnish data for the beneficiaries' tax returns.

Monitor own performance. Submit actions to independent audit and examination. Seek legal counsel when necessary. Do not delegate authority. Avoid any conflict of interest.

Distribute trust remainder. Determine proper time for partial and final distributions. Calculate proper share for final distribution to each beneficiary. Provide accounting and tax data. Arrange for transfer of the trust's assets.

What do you want in a trustee?

As you can see from this list, it's highly unlikely that one or even two individuals could be capable of carrying out all these responsibilities effectively. Any individual whom you have in mind might prove talented in many of these duties but surely will be, at most, a talented amateur.

Several other criteria should guide you in making your choice. You want *longevity* and *availability*. In other words, your trustee should be someone who will last as long as your trust does and won't be

distracted by illness, business or vacations.

Have you considered choosing TCK to serve as the trustee of your trust? Here are some of the important benefits that we offer:

1. *We retain an experienced staff.* A professional trustee should be highly trained and know how to work with people.

2. *We have the specialized knowledge.* A professional trustee must have a depth of knowledge about investments, taxes, accounting and sophisticated recordkeeping.

3. *We offer unbiased investment judgment.* A professional trustee should have no stake in the investment activity of any trust while serving as trustee.

4. *We remain impartial.* A professional trustee should remain uninvolved in family conflicts and not favor one beneficiary over another.

5. *We are financially responsible.* A professional trustee should possess substantial capital and financial resources to stand behind all actions and decisions.

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