

## **ADMINISTRATOR**

(1) Individual or institution appointed by a court to handle an estate when there is no valid will or when a will does not name an executor or when the executor named in the will fails to qualify. (2) Individual or institution that is responsible for handling an employee benefit plan.

## **AGENT**

Individual or institution authorized by someone to act for him or her, usually for a fee, within prescribed areas of activity.

## **AUTHORIZED INVESTMENT**

Investment specifically authorized by a trust agreement.

## **BENEFICIAL OWNERSHIP**

Situation in which an individual has certain rights in property without holding title to the property. For example, a trust institution may hold title to a customer's stock, but for so long as the customer receives the income from the stock, the customer has beneficial ownership of the stock.

## **BENEFICIARY**

Person or entity entitled to receive benefits from a will, insurance policy, trust agreement or employee benefit plan. An **INCOME BENEFICIARY** is a beneficiary of a trust who receives only the income generated by the trust fund, not its principal. A **PRIMARY BENEFICIARY** is an individual or group entitled to receive immediate benefits from the property of a trust. A **REMAINDER BENEFICIARY** is anyone named in a will to receive the principal of a trust after the interest of the prior beneficiary has been terminated (for example, through death). A **SECONDARY BENEFICIARY** is a beneficiary whose interest in a trust is postponed or subordinate to that of the primary beneficiary.

## **BEQUEST**

Gift of personal property in a will.

## **CAPITAL ASSET**

(1) Property held for the purpose of investment, such as securities or real estate.  
(2) In business, a capital asset is property (machinery, for example) that is costly and expected to last, also known as fixed asset.

## **CHARITABLE LEAD TRUST**

Type of trust lasting for a given number of years with a charity as beneficiary of the income and a noncharitable beneficiary for the remainder.

## **CHARITABLE REMAINDER TRUST**

Type of trust from which someone receives the income or the right to use property until death, at which time the principal or property goes to a legal nonprofit organization or to the public.

## **CHARITABLE TRUST**

Type of trust whose beneficiary for all or part of income and / or principal is a legal nonprofit organization or the public. A charitable trust is the only type of trust that is not required to have a cut-off date.

## **CLAIM AGAINST ESTATE**

A claim against estate is a demand that an estate as a matter of duty do something (such as pay a debt) or refrain from doing something.

## **CODICIL**

Addition or amendment to a will, made with all the formalities of the will itself.

## **COEXECUTOR**

Individual or institution sharing the duties of executor of a will with another or others.

## **COMMUNITY PROPERTY**

The legal concept that husband and wife each own half of the property accumulated during their marriage, except for what each receives by gift or inheritance.

## **CONSERVATOR**

Individual or trust institution appointed by a court to care for the person and/ or property of an individual considered unable to do so for himself or herself.

## **CONTEST OF A WILL**

Attempt by use of a legal process to prevent a will from being probated or its terms from being carried out.

## **CORPORATE FIDUCIARY**

Institution acting on a person's behalf, for example, by being executor, administrator, trustee or guardian.

## **CORPUS**

Capital of a trust, that is, all the property that produces income (but not the income itself).

## **COURT ACCOUNTING**

Report concerning the handling of an estate or certain types of trust that must be made to a court as a matter of course.

## **CUSTODIAN**

Individual or institution whose duty is to hold, protect and account for property in its care.

## **CUSTODY ACCOUNT**

Account relationship in which a trust institution has the duty to provide for the physical protection of and record keeping for a customer's assets and to act under his or her direction in certain matters but not to manage the assets on its own.

## **DEATH TAXES**

All taxes levied on property or the transfer of property at the owner's death, including both federal and state estate taxes, inheritance taxes and succession taxes.

## **DECEDENT**

Person who has died.

## **DESCENDANT**

Person descended in a direct line from another, however remotely (parent, child, grandchild, great-grandchild, et al).

## **DEVISE**

Gift of real estate in a will.

## **DISCRETIONARY PAYMENT**

Payment of income or principal from a trust to a beneficiary that is completely at the discretion of the trustee. Discretionary payments are usually made for special needs, such as medical or educational needs.

## **DISPOSITIVE PROVISIONS**

Provisions of a will or trust that deal with how the property in the estate or trust is to be distributed. In essence, these are the provisions that say who gets what.

## **DISTRIBUTION COMMITTEE**

Group that determines which organizations will receive money, and how much, from a charitable trust or fund.

## **DISTRIBUTIVE SHARE**

Share an individual receives from the assets of an estate.

## **DONEE**

Recipient of a gift.

## **DONOR**

Maker of a gift.

## **EQUITABLE TITLE**

When the rights and responsibilities created by ownership of property are, in appropriate circumstances, separated, one who continues to have the right to benefit of property is said to have equitable title, while one who assumed the responsibilities of managing the property is said to have legal title.

## **ESTATE**

All the property and rights in property, of every kind, possessed by a person and capable of being transferred to someone else.

## **ESTATE PLANNING**

Process of arranging for the preservation of one's property during one's lifetime and for the transfer of one's property at death.

## **ESTATE SETTLEMENT**

Process of completing all the tasks necessary to the winding up and distribution of an estate by an executor (personal representative).

## **ESTATE TAXES**

Death taxes calculated from the total amount of property owned at death, without regard to who will receive that property, payable by the estate before property is transferred to heirs. Compare inheritance taxes, in which tax rates often vary with the identity of the heir.

## **EXECUTOR**

Person or trust institution named in a will to administer (settle) an estate. An executor (known as a personal representative in some states) has the responsibility of seeing to it that the will is probated, that all the necessary administrative chores are carried out, and that the estate is distributed to beneficiaries as directed in the will.

## **FEDERAL ESTATE TAX RETURN**

Tax return, used to compute federal estate tax, that generally must be filed within nine months after death, when someone leaves an estate valued at more than the allowable federal exemption amount at the time of death.

## **FIDUCIARY**

Individual or institution acting on behalf of another and charged with meeting high standards of trust and confidence. For example, a bank that acts as trustee stands in a fiduciary relationship and is held to a high standard in its dealings with trust assets.

## **GENERATION-SKIPPING TAX**

Tax levied on certain transfers of assets by an individual that bypass the next generation down. The most common generation-skipping transfers are gifts or bequests to grandchildren.

## **GIFT TAX**

A federal tax on lifetime transfers in excess of the allowable federal exemption amount in the year that the gift is completed.

## **GRANTEE**

Person to whom property or property rights are transferred.

## **GRANTOR**

Person who transfers property or property rights to another; for example, by setting up a trust.

## **GROSS ESTATE**

A person's total wealth at death, before expenses such as debts and taxes have been deducted; the starting point for determining estate tax liability.

## **GUARDIAN**

Individual or institution appointed by a court to hold legal title to the estate and / or to handle the affairs of a minor or incompetent person. A GUARDIAN OF THE ESTATE is limited to care of property. A GUARDIAN OF THE PERSON is limited to care of the person himself or herself.

## **HEIR**

Person entitled by law to a distribution from the estate of a decedent.

## **INCOME DISTRIBUTION**

Payment of money earned by the principal of a trust fund to the beneficiaries of the trust.

## **INHERITANCE**

Property received by will or, in intestacy, by laws of descent and distribution.

## **INHERITANCE TAX**

State or local tax on the right to receive property by inheriting it; not the same as an estate tax, though most states require the estate itself, rather than the recipient of the inheritance, to pay the inheritance tax.

## **INSURANCE TRUST**

Type of trust that is funded by the proceeds of one or more life insurance policies at the creator's death.

## **INTESTATE**

Not having left a valid will at death.

## **INTESTACY LAWS**

Statutes determining how property passes to heirs in the absence of a valid will.

## **INVENTORY**

Itemized listing of goods or valuables and their estimated worth. An executor, or personal representative, must file an inventory of a decedent's property with probate court.

## **INVESTMENT ADVISORY ACCOUNT**

An investment account where the trust institution provides specific recommendations, based on the customer's goals and circumstances, but takes action only with the customer's approval.

## **INVESTMENT MANAGEMENT ACCOUNT**

An investment account where the trust institution is authorized to make purchases and sales on a customer's behalf and provides reports of account transactions on a regular basis.

## **INVESTMENT POLICIES**

General guidelines observed by a trust institution when selecting investments for its customers.

## **IRREVOCABLE TRUST**

Type of trust that either cannot be terminated or changed by its creator at all or that can be terminated or changed only with the consent of all persons mentioned in the trust agreement.

## **JOINT TENANCY**

The holding of property by two or more persons in such a manner that it is considered wholly owned by each of the persons during his or her lifetime and upon the death of one person passes to the survivors).

## **LEGACY**

Gift of personal property by will.

## **LIFE INTEREST**

Right of a person to use certain property during his or her lifetime or that of another designated person but not to pass that property on under his or her will.

## **LIFE TENANT**

Person with a life interest.

## **LIVING TRUST**

Type of trust that a person sets up to become operative (for his or her benefit or that of others) during his or her lifetime.

## **MARITAL DEDUCTION**

Federal estate and gift tax deduction allowed for transfers of property from husband to wife or wife to husband.

## **PERSONAL PROPERTY**

All property owned by someone other than land and/ or the buildings and other fixed improvements on the land.

## **PERSONAL REPRESENTATIVE**

The organization or individual responsible for settling an estate; an executor.

## **POWER OF APPOINTMENT**

Right conferred by one person upon another in a will or deed of trust to determine who will receive the benefit of property owned by the first person.

## **POUOVER**

Transfer of property from one estate or trust to another when a specified event occurs.

## **PRINCIPAL**

- (1) Value of property, including property in a trust, other than the income derived from it.
- (2) Amount borrowed in a loan, not including interest due.
- (3) Face value of a bond.
- (4) One who employs another to act as an agent for him.
- (5) One who is primarily liable for an obligation.
- (6) Major or original investor in an investment venture.

## **PROBATE**

Legal process by which a will, after the death of its maker, is proved or established as being valid and in which an executor administrator is appointed and oversee carrying out the terms of the will.

## **PROBATE COURT**

Judicial body with jurisdiction over will and estates, intestacies and sometimes adoptions and guardianships.

## **PROBATE OF A WILL**

Presentation of proof before an appropriate official or court that a given document or equivalent of a document is, in fact, the last will of a decedent.

## **QUALIFIED TERMINABLE INTEREST PROPERTY (QTIP)**

A special form of property ownership that qualifies for the federal marital deduction, although the surviving spouse has only an income interest.

## **RESIDUARY ESTATE**

Decedent's total estate less debts, taxes, estate settlement costs and specific bequests and devises.

## **RESIDUE**

Portion of something that remains after another portion or other portions have been removed; residuary estate.

## **REVOCABLE TRUST**

Trust that can be changed or terminated by the grantor or other designated person at any time.

## **ROYALTY**

Payment made to the person or organization granting a copyright, patent, lease of land containing natural resources or similar right by the person or organization receiving use of that right.

## **SETTLOR**

Person who establishes a trust that will become operative during his or her lifetime.

## **SPECIFIC BEQUEST**

Gift in a will of specific amounts) of money and / or specific article(s) of personal property to a certain heir or heirs.

## **SPENDTHRIFT CLAUSE**

Provision in a will or trust agreement providing that the beneficiary has the right to trust income only, not to principal. Such a clause limits both the right of the beneficiary to dispose of capital assets and the right of creditors to reach them.

## **SPENDTHRIFT TRUST**

Type of trust whose capital assets cannot be disposed of or assigned to others by a given beneficiary or reached by his creditors.

## **SPRINKLING TRUST**

Type of trust in which the trustee has discretion regarding which beneficiaries will receive distributions of income and/or principal and the timing and amounts of such distributions.

## **STANDBY TRUST**

A living trust that allows the creator to continue to manage the trust fund until he or she directs the trustee to take over (usually in the event of illness or disability). Often referred to as a convertible trust.

## **TENANCY BY THE ENTIRETY**

Holding of property by husband and wife in such a way that neither may sell or otherwise dispose of the property without the consent of the other and in which the property passes to the surviving spouse upon the death of the other.

## **TENANCY IN COMMON**

Holding of property by two or more persons in such a way that each keeps control of his or her individual shares of the property and may sell or will his or her share independently of the other(s).

## **TESTAMENTARY**

Relating to a will.

## **TESTAMENTARY CAPACITY**

Mental capacity to make a valid will.

## **TESTAMENTARY TRUST**

Type of trust established under the terms of a will to begin to function at a person's death.

## **TESTATE**

Having made a valid will.

## **TESTATOR**

Person who has made and left a valid will.

## **TRUST**

Arrangement by which legal title to property is given to a trust institution or person to be administered for the advantage of designated beneficiaries in accordance with the terms contained in a will or trust agreement.

## **TRUST ACCOUNTING**

Record of a trust account showing its debits, credits to income, credits to principal, asset holdings and asset transactions; may have to be submitted to a court or beneficiaries by the trustee.

## **TRUST AGREEMENT**

Document signed by the creator of a trust and the trustee setting forth the terms of the trust.

## **TRUST ASSETS**

Things of value owned by a specific trust.

## **TRUSTEE**

Institution or person designated to oversee the handling and distribution of a trust fund.

## **TRUST FUND**

Specifically, money in a trust account; more generally, all the income-producing assets in a trust.

## **TRUST INSTRUMENT**

Trust agreement or will in which the terms of a trust are set forth.

## **TRUSTOR**

Person who creates a trust.

## **TRUST POWERS**

Authority from the government granted to an institution in its charter that allows it to engage in the trust business.

## **UNIFORM PRINCIPAL AND INCOME ACT**

State law establishing the rules for determining how transactions by a trustee affect income and principal in an account.

## **VALUATION**

The process of determining the value of property. When a person dies, his or her property must be gathered together and valued (usually at the date of death) in order to determine estate tax liability.

## **WARD**

Person under some kind of guardianship because he or she is considered unable to take care of himself or herself, either because of some physical or mental incapacity or because he or she is a minor.

## **WILL**

Legal document — usually in writing and signed in front of witnesses — in which a person makes a disposition of his or her estate to take effect after death.