

[Trust Name]

Date of Execution: [Date]

Grantor and Trustee: [Grantor Name]

## Table of Contents

1. Definitions
2. Article I: Purpose
3. Article II: Trust Funding
4. Article III: Grantor and Trustee
5. Article IV: Income Distribution
6. Article V: Spousal Succession and Reallocation
7. Article V-A: Principal Access and Share Adjustment
8. Article VI: After-Born and Adopted Children
9. Article VII: Disqualification for Misconduct
10. Article VII-A: Contest Forfeiture Provision
11. Article VIII: Successor Trustee and Fiduciary Powers
12. Article IX: Trust Protector
13. Article X: Trustee Indemnification and Dispute Resolution
14. Article XI: Anti-Abuse Clause
15. Article XII: Severability
16. Article XIII: Periodic Review
17. Article XIV: Administrative Provisions
18. Article XV: Modification for Unforeseen Circumstances

## Definitions

For the purposes of this trust agreement, the following terms shall have the meanings set forth below:

- **Trustee:** The person or institution legally appointed to administer the trust in accordance with its terms and fiduciary responsibilities, including any successor or replacement trustees as permitted herein.
- **Beneficiary:** Any person who is named in this trust to receive distributions of income or principal, subject to all terms, conditions, and limitations stated herein.
- **Spouse:** A person legally married to a beneficiary under the laws of the state or country in which the marriage was recognized at the time of the marriage and continuously through the time of any triggering event, unless disqualified by the Trustee under Article V or Article X-B.
- **Triggering Event:** For the purposes of this trust, a triggering event shall include the death, permanent incapacity, or legal disqualification of a beneficiary, or any other event that causes or permits a transfer of interest under this trust agreement.
- **Skip Person:** For purposes of this trust and in accordance with Internal Revenue Code §2613, a “skip person” shall mean:
  - Any individual assigned to a generation two or more generations below the Grantor (e.g., a grandchild or great-grandchild); or
  - Any individual who is more than thirty-seven and one-half (37.5) years younger than the Grantor, **unless** that individual is a spouse or former spouse of the Grantor or otherwise excluded by law; or
  - A trust in which all beneficiaries are skip persons, as defined above.
- **HEMS Standard:** Health, Education, Maintenance, and Support, as commonly interpreted under IRS and state trust guidelines.
- **Irrevocable Trust:** A trust which, once executed and funded, cannot be revoked or materially altered except as permitted under applicable law or this instrument.
- **Trust Protector:** An individual appointed by the Grantor to oversee the actions of the Trustee, resolve disputes, and ensure the Trust’s administration aligns with the Grantor’s intent. The Trust Protector may not serve as Trustee or Beneficiary.
- **Execution Date:** The date on which this trust agreement is signed and notarized by the Grantor, as recorded on the Signature Page.

## Article I: Purpose

This trust is established by [Grantor Name] with the intention of promoting financial stability, multigenerational support, and responsible stewardship of family wealth. It is the Grantor's intent that this trust encourage unity, integrity, and equity among his family members, and that its administration remain faithful to these principles over time.

## Article II: Trust Funding

The trust shall be funded with fifty percent (50%) of the Grantor's net lottery winnings, after all applicable federal, state, and local income taxes have been paid. The Grantor shall irrevocably transfer this amount to the trust. The remaining fifty percent (50%) of after-tax winnings shall be retained by the Grantor and are not subject to the terms of this trust.

To preserve non-grantor status, the Grantor expressly waives any right to revoke, amend, or reclaim assets contributed to the trust. The trust shall obtain its own Taxpayer Identification Number (TIN) and file its own tax returns.

The Trustee shall ensure that the trust complies with all applicable federal and state tax laws, including, but not limited to, filing IRS Form 1041 for annual income tax reporting and issuing Schedule K-1s to all beneficiaries receiving taxable income. The Trustee shall take reasonable measures to preserve the trust's intended non-grantor tax classification and avoid any unintended conversion. If the trust is determined to have generation-skipping transfer tax (GSTT) implications, the Trustee shall engage a qualified tax advisor to ensure proper reporting and minimize liability. The Trustee is authorized to retain accounting and legal professionals as needed to fulfill these responsibilities.

## Article III: Grantor and Trustee

### 1. Appointment of Trustee

The Grantor, [Grantor Name], shall serve as the initial Trustee of this trust. The Grantor shall have full authority to administer the trust in accordance with its terms and all applicable laws. While serving as Trustee, the Grantor shall act without compensation.

### 2. Prohibition Against Beneficiary Status

The Grantor shall not be eligible to receive any distributions of income or principal and is permanently excluded as a beneficiary of the trust.

### 3. Voluntary Resignation

The Grantor may resign at any time by delivering written notice to all adult beneficiaries and, if applicable, the Trust Protector. Upon resignation, the next successor Trustee shall assume duties immediately.

4. Incapacity or Death of Grantor

In the event of the Grantor's incapacity or death, the role of Trustee shall pass in accordance with the succession plan below.

4.1. Successor Trustee Designation

The following individuals and institutions are designated as successor Trustees, in the following order of priority, provided they are willing and able to serve:

- 1st Successor Trustee: [Insert Individual Name #1]
- 2nd Successor Trustee: [Insert Individual Name #2]
- 3rd Successor Trustee: [Insert Name of Corporate Trustee or Bank Trust Division]

If an institutional trustee is appointed, it shall administer the trust through its authorized fiduciary officers in accordance with industry standards and the provisions of this trust.

4.2. Appointment by Beneficiary Vote

If no named successor is willing or able to serve, the adult beneficiaries may nominate and approve a new trustee by majority vote. This appointment must be documented in writing and accepted in writing by the appointee.

4.3. Refusal or Inability to Serve

If any appointed or elected trustee declines or is legally unable to serve, the next qualified person in the succession plan shall assume the role.

4.4. Trust Protector Option

The Grantor may appoint a Trust Protector via a separate instrument to monitor trustee conduct and mediate disputes. The Trust Protector may also approve or veto successor appointments under limited circumstances as outlined in the instrument of appointment.

4.5. Disqualification for Cause

Any individual previously removed for cause or disqualified under Article VII is barred from serving as Trustee. No person under legal guardianship or conservatorship may serve as Trustee.

5. Additional Trustee Provisions

- Resignation: Any Trustee may resign by providing at least sixty (60) days' written notice to all adult beneficiaries and any co-trustees. Upon resignation, the next designated or elected successor Trustee shall assume office.
- Acceptance: A successor Trustee must formally accept the appointment in writing within thirty (30) days of notice. Failure to accept within the allotted time shall be deemed a refusal, and the next eligible successor shall be contacted.
- Removal: Any Trustee, other than the Grantor, may be removed by unanimous consent of the adult beneficiaries for just cause, including but not limited to gross mismanagement, breach of fiduciary duty, fraud, or legal incapacity.

#### Article IV: Income Distribution

1. Distribution Basis: Net income earned by the trust shall be distributed to the beneficiaries monthly, based on their respective allocation percentages set forth in Appendix A.
2. Income Withholding: Fifty percent (50%) of post-tax investment income shall be withheld and reinvested into the principal to preserve and grow trust assets over time.
3. Tax Responsibility: The trust shall pay taxes on income it retains. Beneficiaries are responsible for paying income taxes on the distributed portion, as reported on IRS Schedule K-1.
4. Emergency Distributions: In cases of extraordinary hardship (e.g., medical necessity, eviction, legal jeopardy), the Trustee may authorize a supplemental distribution not exceeding 25% of a beneficiary's annual allocation. With two-thirds approval from adult beneficiaries, this cap may be exceeded. Emergency distributions shall not reduce future income distributions and shall not exceed the previous year's withheld income. Emergency distributions are made from income retained by the trust, not from the principal, and shall not affect a beneficiary's principal allocation unless otherwise stated.
5. Discretionary Standard: In evaluating any request for discretionary or emergency distributions, the Trustee shall apply the "HEMS standard," meaning that distributions shall only be made for the health, education, maintenance, or support of the beneficiary. The Trustee may require written documentation substantiating the need and shall maintain written records of all discretionary distribution decisions as part of the trust's official records.

#### Article V: Spousal Succession and Reallocation

1. Spousal Succession: Upon the death of a beneficiary, their share shall pass to their legally recognized spouse. The Trustee shall have the authority to withhold or deny such succession if the spouse is deemed unfit due to misconduct, estrangement, or financial irresponsibility.

2. Reversion and Termination: Upon the death of a surviving spouse, their share shall revert to the trust and be redistributed pro rata among all remaining beneficiaries.
3. Optional Reallocation: A surviving spouse may elect to reallocate up to one hundred percent (100%) of their inherited share to any of the other named beneficiaries by submitting a written declaration to the Trustee. Such reallocated amounts shall revert to the original spouse's interest upon their death and shall then be redistributed pro rata.

#### Article V-A: Principal Access and Share Adjustment

1. Access to Principal: Beneficiaries may submit written requests for access to their portion of the trust's principal in cases of significant financial need (e.g., home purchase, education, debt resolution). Approval is subject to the Trustee's sole discretion.
2. Share Reduction: If principal is accessed, the beneficiary's percentage allocation shall be reduced proportionally to the amount withdrawn relative to the trust's overall value.
3. Emergency Allocations: Emergency distributions that are approved under Article IV shall not count as a principal withdrawal and will not reduce a beneficiary's percentage share.
4. Succession of Principal Upon Beneficiary Death
  - a. Surviving Spouse Rights

Upon the death of any beneficiary, their share of the trust's principal shall first pass to their legally recognized surviving spouse, subject to the conditions and exceptions set forth in Article V. The Trustee may withhold or deny such succession if the spouse is deemed unfit due to misconduct, estrangement, or financial irresponsibility, in accordance with the provisions of this trust.

- b. Sibling Beneficiaries

If the deceased beneficiary is a sibling of the Grantor and has no qualifying surviving spouse, the principal value of their share shall pass to their estate for the express purpose of creating a separate, irrevocable trust for their child or children. The structure of the new trust should mirror the values and long-term intent of this trust. The Trustee may require documentation before releasing such funds.

- c. Non-Sibling Beneficiaries

If the deceased beneficiary is not a sibling of the Grantor and has no qualifying surviving spouse, the principal value of their share shall revert in full to the Grantor, or if the Grantor is deceased, to the Grantor's estate or heirs, to be reallocated at the Trustee's discretion.

5. Unless otherwise specified in this trust, all pro rata redistributions of principal or income resulting from death, disqualification, or forfeiture of a beneficiary's share shall be made among the remaining named beneficiaries in proportion to their existing percentage allocations at the time of

redistribution. No additional allocations shall be made to the Grantor, and no new beneficiaries may be added without specific authorization in accordance with this trust instrument.

#### Article VI: Exclusion of Skip Persons and Child Allocation Policy

##### 1. No Direct Allocations to Descendants

This trust is designed to benefit non-skip persons only, specifically including the Grantor's parents, siblings, and grandparents. No direct allocations shall be made from this trust to any child, grandchild, or other skip person as defined under the Internal Revenue Code §2613.

##### 2. Support for Intergenerational Planning

While children and other descendants of beneficiaries shall not be added as beneficiaries of this trust, beneficiaries are encouraged to provide for their children through independent estate planning measures. To facilitate this, a separate mechanism is provided under Article VI-A.

##### 3. Trustee Responsibility

The Trustee shall ensure that no portion of this trust is allocated or distributed to skip persons, and that the structure of this trust remains exempt from the Generation-Skipping Transfer Tax. The Trustee shall refer all beneficiaries seeking to support their children to the procedure described in Article VI-A.

#### Article VI-A: Use of Allocations for Descendant Trusts

##### 1. Lump-Sum Withdrawal for Preexisting Children

If a named beneficiary has one or more biological or legally adopted children who were born or adopted prior to the date of this trust's execution, the beneficiary may request a one-time, lump-sum distribution from their own allocated share for the express purpose of establishing a separate irrevocable trust for the benefit of that child or children. The terms and purpose of such trust shall substantially mirror those described in Section 3 (Purpose Limitation) of this Article.

The request must be submitted in writing to the Trustee within one (1) calendar year of the trust's execution date, and the amount shall be determined at the sole discretion of the Trustee, not to exceed ten percent (10%) of the beneficiary's total trust share as calculated at the time of the request.

All provisions regarding documentation, compliance, penalties for misuse, and Trustee discretion outlined in Sections 4 through 6 of this Article shall apply equally to requests made under this Section.

##### 2. Time-Limited Lump-Sum Withdrawal Upon Birth or Adoption



Upon the verified birth or legal adoption of a child by a named beneficiary, that beneficiary may request a one-time, lump-sum distribution from their own allocated share, provided that the request is submitted in writing to the Trustee within ninety (90) days of the child's birth or legal adoption. The amount shall be determined at the sole discretion of the Trustee and shall not exceed ten percent (10%) of the beneficiary's total trust share as calculated at the time of the request.

Each such request shall apply to one child only. A separate request may be submitted for each additional child, subject to the same terms.

### 3. Purpose Limitation

Any funds withdrawn pursuant to this Article shall be used exclusively to establish a separate, irrevocable trust for the benefit of the beneficiary's child or children. Such trust shall be governed by terms consistent with the principles of the [Trust Name], including but not limited to fiduciary oversight, long-term income support, principal preservation, and distribution restrictions similar in nature to those applied under this trust.

### 4. Obligation to Comply

By accepting a distribution under this Article, the beneficiary agrees in writing to use the funds solely for the above-stated purpose. The Trustee may require the beneficiary to provide formal documentation evidencing the establishment of the new trust, including a copy of the trust agreement, within one (1) year of the distribution.

Each such descendant trust must be established as a separate, irrevocable trust and shall not be administered by the Grantor or by the Trustee of this trust, nor shall it be merged, reintegrated, or otherwise reabsorbed into this trust under any circumstance.

### 5. Noncompliance and Penalties

Failure to use the distributed funds in accordance with this Article, or failure to provide documentation of compliance within the specified time period, shall be deemed a breach of trust. Upon such determination, the Trustee shall have the authority to reduce, suspend, or permanently revoke all or a portion of the beneficiary's future income distributions and access to principal, at the Trustee's discretion.

### 6. Trustee Discretion

All determinations made under this Article, including eligibility, approval of withdrawal, sufficiency of documentation, and enforcement of penalties, shall rest solely with the Trustee. The Trustee's decisions shall be final and binding and shall not be subject to review, appeal, or dispute by any beneficiary.

## Article VII: Disqualification for Misconduct

1. **Intentional Harm:** Any person found by a court of competent jurisdiction to have intentionally caused the death of the Grantor or any beneficiary shall be permanently disqualified from receiving distributions from the trust.
2. **Other Forms of Misconduct:** A person may also be disqualified by the Trustee or Trust Protector for:
  - a. Physical, emotional, or financial abuse of the Grantor or any beneficiary;
  - b. Conviction of a felony involving violence, fraud, or abuse;
  - c. Attempted fraud or deception involving the trust or its assets; or
  - d. Any act intended to sabotage or undermine the integrity of the trust.

The Trust Protector may independently review and act upon any disqualifying conduct, consistent with their authority outlined in Article IX.

3. **Redistribution:** Shares revoked under this article shall be redistributed pro rata to the remaining beneficiaries, excluding the Grantor.

## Article VII-A: Contest Forfeiture Provision

Any beneficiary who, directly or through a third party acting with their approval or consent, initiates or joins any legal or administrative action seeking to challenge, void, amend, or invalidate any term or provision of this trust, or otherwise interferes with its administration in a manner inconsistent with the Grantor's intent, may be disqualified as a beneficiary at the sole discretion of the Trustee.

This disqualification may include the full or partial forfeiture of the beneficiary's share, and the reassignment of that share in accordance with Article V-A or as otherwise determined by the Trustee.

This provision shall not apply to a beneficiary who brings a legal action in good faith with **probable cause**, as determined by the Trustee or, if contested, by a court of competent jurisdiction.

## Article VIII: Successor Trustee and Fiduciary Powers

1. **Successor Trustee Appointment:** If the Grantor resigns, becomes incapacitated, or dies, a successor trustee shall be appointed. The Grantor may nominate successors by written instrument. If none is designated, a majority of adult beneficiaries may nominate and approve a successor trustee.
2. **Trustee Removal:** A non-Grantor trustee may be removed by majority vote of the adult beneficiaries for misconduct, gross mismanagement, or failure to act in the trust's best interests.

3. General Powers: The Trustee shall have all powers necessary or appropriate to carry out the purposes of this trust, including the power to:

- a. Invest and manage assets.
- b. Open and maintain financial accounts.
- c. Buy, sell, or exchange property.
- d. Retain professionals (e.g., attorneys, accountants, investment advisors).
- e. Interpret ambiguous provisions consistent with the Grantor's intent.
- f. Distribute income or assets in cash or in kind.
- g. Initiate or defend legal actions.
- h. Withhold distributions in cases of legal or personal risk.
- i. Allocate expenses between principal and income.

4. Trustee Vacancy Contingency

In the event that no designated or elected Trustee is willing or able to serve, the Trust Protector shall have authority to appoint an interim trustee or qualified fiduciary institution to administer the trust until a permanent Trustee is confirmed by majority vote of the adult beneficiaries or by order of a court of competent jurisdiction.

#### Article IX: Trust Protector

1. Appointment

The Grantor may appoint a Trust Protector during their lifetime by written instrument, and may designate one or more successors. If no Trust Protector is appointed, or if all appointed individuals are unable or unwilling to serve, the role shall remain vacant unless filled by a unanimous vote of adult beneficiaries.

2. Powers and Duties

The Trust Protector shall have the authority to:

- Review the conduct of the Trustee and confirm compliance with the trust's terms;
- Approve or veto successor Trustee appointments not already specified in this instrument;
- Remove a Trustee for cause, including gross negligence, breach of fiduciary duty, or incapacity;
- Resolve disputes between beneficiaries and the Trustee;
- Interpret ambiguous provisions in accordance with the Grantor's intent.

3. Limitations

The Trust Protector shall not serve as a Trustee or Beneficiary of this trust. They shall not amend, revoke, or otherwise alter the terms of the trust except as expressly provided elsewhere in this

agreement. All actions taken by the Trust Protector shall be documented and retained in the trust's records.

#### 4. Compensation

The Trust Protector shall be entitled to reasonable compensation, not to exceed prevailing professional fiduciary rates, and reimbursement for documented expenses incurred while acting in their official capacity.

### Article X: Trustee Indemnification and Dispute Resolution

1. Indemnification: The Trustee shall not be personally liable for any loss to the trust or its beneficiaries except for losses resulting from the Trustee's willful misconduct, gross negligence, or knowing violation of applicable law. The trust shall indemnify the Trustee and hold them harmless from any and all liability, claims, or expenses (including attorney's fees) arising from any good faith action taken in the administration of the trust.
2. Dispute Resolution: Any dispute involving the trust—whether between beneficiaries, or between a beneficiary and the Trustee—shall first be submitted to mediation by a mutually agreed-upon mediator. If mediation does not resolve the dispute within sixty (60) days from the date it is initiated, the matter shall be submitted to binding arbitration administered in accordance with the rules of the American Arbitration Association (AAA), or a comparable body selected by the Trustee.

The parties agree that arbitration shall be the exclusive forum for resolution of trust-related disputes and that no party shall initiate litigation unless all mediation and arbitration procedures have been exhausted. Judgment on any arbitration award may be entered by a court of competent jurisdiction.

### Article XI: Anti-Abuse Clause

No individual shall be considered a beneficiary solely by virtue of marriage or adoption unless that relationship has existed for at least five (5) years prior to a triggering event, or unless expressly approved in writing by the Trustee. This provision prevents the inclusion of individuals whose relationship is deemed strategic, exploitative, or contrary to the Grantor's intent.

For purposes of this Article, a "triggering event" shall mean the death, legal incapacity, or permanent disability of a beneficiary, or any other event that causes a transfer of interest under the terms of this trust. The Trustee shall have the authority to determine whether a triggering event has occurred and to assess eligibility accordingly.

### Article XII: Severability

If any provision of this trust is found to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

#### Article XIII: Periodic Review

The Trustee shall conduct a formal review of the trust's administration, investment performance, and compliance at least once every three years. This review shall involve consultation with a qualified financial advisor and a written summary of findings provided to all adult beneficiaries.

#### Article XIV: Administrative Provisions

1. Professional Services: The trust may retain and compensate attorneys, accountants, investment advisors, and other professionals as necessary to administer the trust. Compensation for such services shall be paid from the trust's retained income or, if necessary, from principal, at the discretion of the Trustee. The Trustee shall make reasonable efforts to allocate such expenses to income when available, in accordance with standard fiduciary accounting principles.
2. Compensation of Trustee: A Trustee who is not the Grantor shall be entitled to compensation not to exceed the lesser of:

- a. One percent (1%) of the average annual fair market value of the trust's assets; or
- b. The prevailing fiduciary rates for trustees in the State of Colorado.

Compensation shall be paid annually and may be prorated for partial years. Extraordinary services—such as litigation, IRS audits, or forensic accounting—may justify additional compensation, but must be approved in writing by a majority of adult beneficiaries or the Trust Protector.

3. Grantor Restriction: The Grantor shall not receive compensation for serving as Trustee.
4. Recordkeeping: The Trustee shall maintain accurate records and provide annual income tax documents and summaries to all beneficiaries receiving distributions. All records, including documentation of discretionary decisions and correspondence with beneficiaries, shall be retained for no less than seven (7) years and made available upon reasonable request to the Trust Protector or, if applicable, legal counsel.
5. Notice of Actions and Changes  
All formal notices required under this trust, including but not limited to changes in Trustee, modifications, distributions, or beneficiary status, shall be delivered in writing by (i) personal service, (ii) certified U.S. mail, or (iii) secure electronic communication with verifiable delivery confirmation. Notices shall be deemed received upon written acknowledgment or delivery confirmation.

#### Article XV: Modification for Unforeseen Circumstances

Notwithstanding the irrevocable nature of this trust, the Trustee may, with the unanimous written consent of all adult beneficiaries, petition a court of competent jurisdiction to modify non-dispositive provisions of this trust if circumstances arise that materially impair the trust's original intent, efficient administration, or tax effectiveness.

Any such modification:

- Must be limited to administrative or procedural terms and may not change the identity of the beneficiaries or alter their respective allocation percentages;
- May not revoke the trust, convert it into a grantor trust, or contravene any provisions explicitly designated as permanent or non-modifiable within this agreement;
- Shall be pursued only after consultation with legal counsel and, where relevant, a licensed fiduciary or tax professional.

The Trustee shall notify all beneficiaries in writing prior to filing a petition and provide an opportunity for beneficiaries to review the proposed modification and submit any written objections prior to petitioning the court.

If this trust is ever lawfully terminated and residual assets remain, those assets shall be distributed pro rata to all then-living beneficiaries in accordance with their most recent allocation percentages. If no qualifying beneficiaries remain, the Trustee shall distribute the assets to one or more charitable organizations that, in the Trustee's discretion, reflect the values and intent of the Grantor.

## Appendix A: Beneficiary Allocation Schedule

The following beneficiaries shall receive monthly income distributions based on the allocation percentages listed below. These allocations apply only to income and do not convey any claim to the trust principal.

- [Name] – 16.6667%
- [Name] – 16.6667%
- [Name] – 16.6667%
- [Name] – 16.6666%
- [Name] – 8.3333%
- [Name] – 8.3333%
- [Name] – 8.3333%
- [Name] – 8.3333%
- [Name] – 8.3333%

The list of beneficiaries and their respective allocation percentages is fixed and may not be altered except as provided by express provisions in this trust (e.g., disqualification, death, child allocation trust creation, or reversion events).

## Exhibit A: Trustee Onboarding Checklist

[Trust Name]

This checklist is intended to assist any new Trustee in fulfilling their fiduciary responsibilities. It should be completed at the time of appointment and maintained in the trust's official records.

### I. Legal and Administrative Readiness

- ☐ Review the full executed trust document
- ☐ Obtain the trust's Taxpayer Identification Number (TIN)
- ☐ File IRS Form 56 (Notice of Fiduciary Relationship)
- ☐ Confirm trustee authority and irrevocability of the trust
- ☐ Understand trustee indemnification provisions
- ☐ Seek legal counsel if necessary

### II. Financial Transition and Recordkeeping

- ☐ Access all trust bank and brokerage accounts
- ☐ Update account signatories as needed
- ☐ Inventory and confirm all trust-held assets
- ☐ Identify all sources of trust income
- ☐ Establish accounting practices or retain a fiduciary accountant
- ☐ Review previous trustee reports and retained earnings

### III. Beneficiary Communication

- ☐ Confirm all beneficiaries and their allocation percentages
- ☐ Notify beneficiaries of trustee appointment
- ☐ Provide beneficiaries with a copy of trust or relevant sections upon request
- ☐ Issue Schedule K-1s annually to income recipients
- ☐ Review any pending Article VI-A requests for lump-sum distributions related to preexisting or newly born/adopted children, and verify all supporting documentation.

### IV. Distribution and Investment Planning

- ☐ Confirm monthly distribution schedule
- ☐ Ensure 50% of post-tax income is reinvested
- ☐ Evaluate requests for principal access or emergency distributions
- ☐ Engage an investment advisor as needed
- ☐ Ensure compliance with child allocation rules and spousal succession



V. Compliance and Reporting

- ☐ File IRS Form 1041 annually or retain tax preparer
- ☐ Issue Schedule K-1s to applicable beneficiaries
- ☐ Maintain annual financial statements
- ☐ Conduct formal triennial trust review
- ☐ Record all major trustee actions and discretionary rulings

VI. Optional Professional Engagements

- ☐ Attorney
- ☐ CPA or tax preparer
- ☐ Financial advisor or asset manager
- ☐ Appraiser (if needed)

## Exhibit B: Beneficiary FAQs

[Trust Name]

### Important Note:

This FAQ is provided for informational purposes only. In the event of any conflict between this section and the provisions of the trust, the full trust instrument shall control.

For definitions of key terms such as “Skip Person,” “Triggering Event,” and “Trustee,” refer to the Definitions section at the beginning of this trust.

1. Why do some beneficiaries receive more than others?

Allocation percentages were determined based on the Grantor’s intent, considering closeness of relationship and long-term needs.

2. Can I access the trust’s principal?

Yes, with approval. Requests must be submitted to the Trustee. If approved, your share will be reduced proportionally to the amount withdrawn. Emergency distributions under Article IV do not reduce your share.

3. What happens if I have or adopt a child?

You may request a one-time distribution to establish a separate trust for your child. This must be done within 90 days of the child’s birth or adoption and used solely for that purpose, as outlined in Article VI-A.

4. What if I already have a child before this trust was created?

If your child was born or legally adopted before the trust was created, you may submit a written request for a one-time lump-sum distribution from your share, provided the request is made within one (1) calendar year of the trust’s execution date. The funds must be used solely to establish a separate trust for that child or children. The Trustee may require documentation and retains full discretion to approve or deny the request.

5. Can I request more than one lump-sum withdrawal under Article VI-A?

No. Each eligible event (birth, adoption, or preexisting child) qualifies for one request per child. All requests are subject to Trustee discretion and may not exceed the limits described in the trust.

6. Will I owe taxes on what I receive?

Yes. Income distributions are taxable and reported on IRS Schedule K-1. The trust pays taxes only on income it retains.

7. Can I lose my share?

Yes, but only for serious misconduct (e.g., abuse, fraud, causing the death of another beneficiary). The Trustee or Trust Protector may enforce this after proper review.

8. What happens if I die and have no spouse?

If you are a sibling of the Grantor, your share of the principal will pass to your estate, with the intent that it be used to create a separate trust for your child or children, as explained in Article V-A. If you are not a sibling, your share of the principal will revert to the Grantor or the Grantor's estate and may be reallocated to other beneficiaries.

9. What happens to my share when I die?

Your share passes to your spouse unless the Trustee finds them unfit. Upon your spouse's death, their share reverts to the trust and is redistributed. They may optionally reallocate up to 100% of their share to other named beneficiaries.

10. What does the Trustee do?

The Trustee manages the trust, distributes income, handles tax filings, oversees investments, and ensures the trust is administered in good faith. The Trustee is bound by fiduciary duty.

11. Can the Trustee be removed?

Yes. A majority of adult beneficiaries may remove a non-Grantor trustee for misconduct or failure to fulfill duties.

12. Is the trust reviewed over time?

Yes. The Trustee must conduct a formal review every three years and share findings with beneficiaries.

## Exhibit C: Supplemental Forms and Templates

[Trust Name]

This section includes templates and summaries of essential documents for trust operation and recordkeeping.

### 1. Certificate of Trust

Trust Name: [Trust Name]

Date of Execution: [Date]

Grantor and Trustee: [Grantor Name]

EIN: [To be issued upon IRS filing]

Nature: Irrevocable, non-grantor trust

Authority: The Trustee is authorized to open and manage financial accounts, contract with service providers, and perform all functions necessary to administer the trust in accordance with its terms.

### 2. Trustee Acceptance of Appointment

I, [Grantor Name], hereby accept my appointment as Trustee of the [Trust Name], as of [Date], and agree to perform all fiduciary duties as described in the trust instrument.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### 3. Beneficiary Acknowledgment and Consent

I, [Full Legal Name of Beneficiary], acknowledge that I am a named beneficiary of the [Trust Name]. I have been informed of my rights, responsibilities, and allocation. I consent to the trust's provisions and distribution procedures.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### 4. Initial Funding Memo

On [Date], [The Grantor] funded the [Trust Name] with [Percentage] of the after-tax proceeds from [his/her] lottery winnings. Documentation supporting the transfer amount and origin is maintained in the trust's financial records.

### 5. IRS Filing Checklist

☐ Form SS-4 – Apply for Trust EIN

- ☐ Form 56 – Notify IRS of fiduciary relationship
- ☐ Form 1041 – Annual U.S. Income Tax Return for Estates and Trusts
- ☐ Schedule K-1 – Issue annually to each beneficiary receiving income
- ☐ Retain all trust tax records and IRS correspondence for a minimum of seven (7) years

Signature Page

Executed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

[Grantor Name]

Grantor and Trustee

Signature: \_\_\_\_\_

Witnesses (if required by state law):

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Notary Acknowledgment

State of (\_\_\_\_\_)

County of (\_\_\_\_\_)

On this \_\_\_ day of \_\_\_\_\_, 20\_\_, before me, the undersigned notary public, personally appeared [Grantor Name], proved to me through satisfactory evidence of identification, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public

My Commission Expires: \_\_\_\_\_