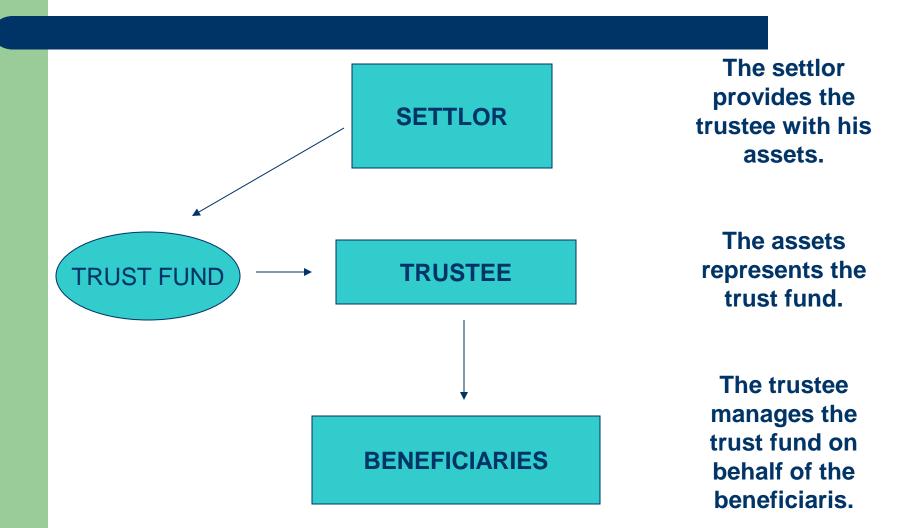
# **TRUST**

### TRUST DEFINITION

Trust is a fiduciary relationship in which one party, known as a **settlor**, gives another party, the **trustee**, the right **to hold title to property or assets** for the benefit of a third party, the **beneficiary**.

## TRUST STRUCTURE



# Trust's key words explanation

### Settlor:

An individual or organization that gifts funds or assets to others by transferring fiduciary duty to a third party trustee that will maintain the assets for the benefit of the beneficiaries.

#### Trustee:

An individual who holds or manages assets for the benefit of another.

# Trust's key words explanation

### • Trust fund:

represents the asset (real estate or money) transferred in trust.

### • Beneficiary:

is the person or persons who are entitled to the benefit of any trust arrangement. A beneficiary will normally be a <u>natural person</u>, but it is perfectly possible to have a <u>company</u> as the beneficiary of a trust, and this often happens in sophisticated commercial transaction structures

# Trust's key words explanation

#### Protector:

is a person appointed under the <u>trust instrument</u> to direct or restrain the <u>trustees</u> in relation to their administration of the <u>trust</u>.

#### Trust Deed:

A formal document which outlines the terms of a trust agreement.

#### There are two types of trusts:

- 1. **Living Trust** (inter-vivos): A trust that is in effect during the trustor's lifetime.
- 2. **Testamentary Trust**: A trust that is created through the will of a deceased person.