

Despite the growth of trust departments in number and in assets managed, many personal trusts continue to be administered by individual trustees. While virtually no data are available concerning these trusts either as to the assets held or the investment policies followed, there is some evidence as to their relative number in the fiduciary income tax returns filed with Internal Revenue Service in 1963 for the year 1962, the latest data available. In 1962 banks and trust companies administered 60.8 percent of all trusts for which returns were filed, and these bank-administered trusts accounted for 60.1 percent of the total income received by trusts in 1962 as revealed by returns filed.² Since it is apparent that a large part of the trust business is conducted by individual trustees, the data provided in following sections of this study, covering trust departments only, must be considered quite incomplete.

TRUST DEPARTMENT SERVICES

Trust departments provide a wide variety of services. These include the settlement of estates, the administration of guardianships, the performance of agencies for individuals and corporations, serving as trustee under corporate indentures, trustee for community trusts and for endowments, as well as trustee for employee pension and profit-sharing plans. They also act as registrars and transfer agents of corporate securities. A major service, of course, is the administration of personal trusts, our primary concern here.

The relative importance of personal trusts in the overall trust business of the commercial banks may be judged by these figures: The Office of the Comptroller of the Currency has reported that in 1963 trust departments of banks administered \$43 billion in employee benefit accounts and an additional \$101.2 billion in other trust accounts where the banks exercised "some investment responsibility."³ That same year the Trust Division of the American Bankers Association found through a survey that banks were administering \$82.2 billion in "personal trust accounts."⁴ The Comptroller's figure of \$101.2 billion includes certain types of agency accounts which were not reported in the trust division's survey; hence, the trust division figure of \$82.2 billion is more truly representative of strictly personal trust accounts. It is clear that a large percentage of the assets administered by trust departments in their various trust and agency capacities is held in personal trust accounts.

ADMINISTRATION AND INVESTMENT OF PERSONAL TRUSTS

In the administration of these personal trusts, trust departments receive from trustors property which they administer for the benefit of others. The trusts may be created under the terms of a will, by agreement or declaration, or by order of a court. The trustee manages the property for the benefit of designated beneficiaries and ultimately distributes assets covered by the trust to designated remaindermen.

² Fiduciary, Gift, and Estate Tax Returns, Statistics of Income, 1962, U.S. Treasury Department, Internal Revenue Service.

³ Stanley Silverberg, "Bank Trust Investments: Their Size and Significance," the National Banking Review, vol. 1, No. 4, June 1964.

⁴ Report of National Survey of Personal Trust Accounts, Trust Division, the American Bankers Association, New York (released 1964).