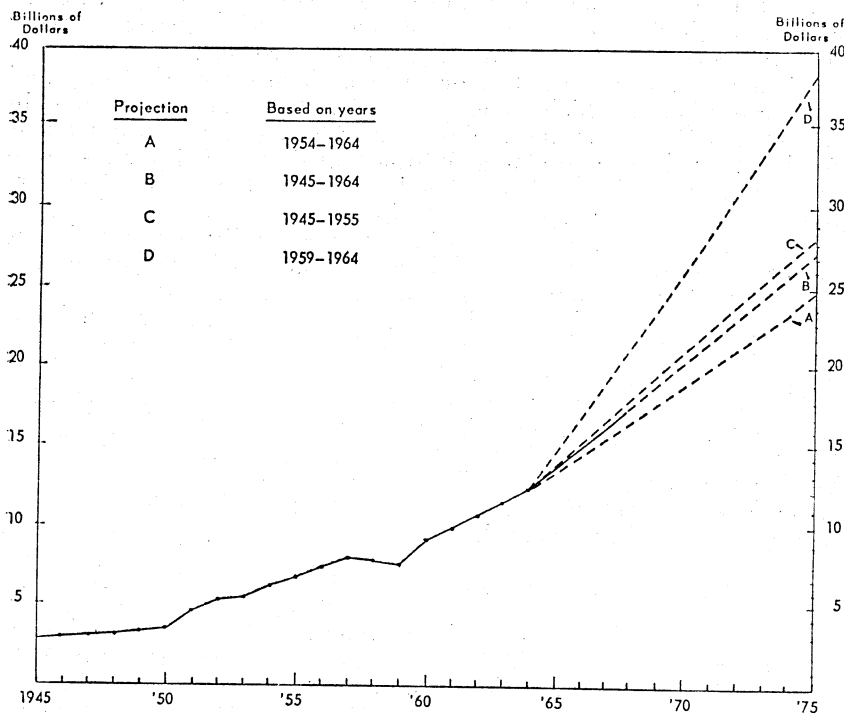


STATE AND LOCAL GOVERNMENT SECURITIES HELD IN PERSONAL TRUSTS 1945-1964,
AND PROJECTIONS TO 1975

It will be noted that projections A, B, and C are fairly close together. Projection C, the highest of the three, would indicate holdings of State and local government securities by trust accounts of \$28 billion by 1975. It would seem quite likely that this level, at least, will be attained. The trend for the years 1959 to 1964 produces the highest projection; that is, \$38 billion by 1975. We are inclined to think that by 1975 the holdings of personal trusts should be somewhere between \$28 and \$38 billion, meaning an increase of from \$1.4 to \$2.3 billion per year. The reasons are as follows. In the chapter of this study on individuals as a source of loan funds for State and local governments, data are set forth showing the rapid increase in recent years in the number of taxpayers in the higher income tax brackets. For example, between 1955 and 1963 there was a 91-percent increase in the number of taxpayers in the \$25,000 to \$49,999 income class and a 71-percent increase in the number of taxpayers in the \$50,000 to \$99,999 class. This increase in the number of individuals in the higher income tax brackets will very likely continue and perhaps accelerate. This, of course, will mean that the tax-exempt feature of State and local government bonds will be important to more and more taxpayers.

It is reasonable to assume also that as personal incomes rise and the number of persons in the higher brackets increases there will be an increase in the number of personal trusts created and, therefore, more funds will come under the investment direction of trust departments. Further consideration is that banks will very likely continue and ex-