

These organizations are often under tight state regulatory control and may only invest funds in a certain way.

3. Bank Trusts - Bank trusts like insurance trusts are primarily created to preserve assets from shrinkage. They are usually involved with special pre-drafted wills which create a trust upon the death of the individual. The banks act as trustees. Substantial savings in estate taxes are possible through the proper use of the marital deduction and certain trust advantages.

One of the advantages of the bank trust is that the trustees are usually conservative and employ experienced persons to manage the trust funds. This same advantage, however, is also a disadvantage. Most of the funds held in trust by a bank are mixed together in one large fund for mass management; that is, your trust funds are not handled any differently from other trust funds held by the bank in most cases.. Due to the usual conservative management of most banks, your trust earnings will not be great. In fact, the management fee paid to the trustees will often take a sizable percentage of the annual earnings. In addition, the beneficiaries have little or no control over the management of the trust fund properties.

These factors are often great disadvantages in the