

be confused with the type of trusts we are about to discuss.

Trust Purposes - We will use the term "ownership or equity trust" in talking about the type of organization suggested by ABC. Although we will discuss the principles of management applicable to this organization alone, these principles and rules of thumb are applicable to many other business situations and to most other trusts; that is, even though you may never form or create an ownership or equity trust you may be able to apply this information to other activities and businesses with which you work.

The purpose of the modern ownership equity trust is to preserve control in property in an organization that is perpetual in nature and yet retains its flexibility. The modern ownership equity trust is not a vehicle which will save in income taxes. The trust itself is liable for income taxes (we will discuss this liability in some detail later), and must usually file tax reports each year. The trust, however, is not subject to probate nor is the property owned and used by the trust taxable in the estate of any individual however closely related to the trust. In order to gain these benefits an individ-