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# Introduction and Purpose

This Insurance Trust Agreement (the "Agreement") is made and entered into as of August 9, 2025, by and between Acme, Inc ("ACME-1"), located at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA, and Docupal Demo, LLC, located at 23 Main St, Anytown, CA 90210.

The purpose of this Agreement is to establish an irrevocable life insurance trust (the "Trust") to own and administer certain life insurance policies for the benefit of ACME-1's designated beneficiaries. ACME-1 intends to create a Trust that will provide liquidity for estate taxes and other expenses, manage and protect assets for beneficiaries, and potentially reduce estate taxes.

## Objectives of the Trust

The primary objectives of the Trust are as follows:

- **Estate Liquidity:** To provide funds to cover estate taxes, debts, and administrative expenses upon the death of the insured.
- **Asset Protection:** To manage and protect the insurance proceeds for the benefit of ACME-1's beneficiaries, ensuring their financial security.
- **Tax Planning:** To potentially minimize estate taxes on life insurance proceeds, maximizing the value passed on to beneficiaries.

## Parties Involved

This Agreement involves several key parties, each with specific roles and responsibilities:

- **Grantor (Trustor):** ACME-1, who establishes the Trust and transfers ownership of the life insurance policies.
- **Trustee:** The individual or entity responsible for managing the Trust assets and administering the Trust according to the terms of this Agreement.
- **Beneficiaries:** The individuals or entities who will receive the benefits from the Trust assets, as designated by ACME-1.
- **Insurance Company:** The company that issued the life insurance policy or policies held by the Trust.



# Definitions and Interpretations

For the purposes of this Insurance Trust Agreement, the following terms shall have the meanings set forth below. These definitions ensure consistent interpretation and application of this agreement.

## Key Definitions

- **Trust:** Refers to the Insurance Trust established by this agreement, holding the insurance policy for the benefit of the Beneficiary or Beneficiaries.
- **Trustee:** Means the individual or entity named in this agreement, responsible for managing the Trust assets according to the terms outlined herein.
- **Grantor:** Refers to Acme, Inc ("ACME-1"), the party establishing this Insurance Trust.
- **Beneficiary:** Means the individual(s) or entity(ies) designated to receive benefits from the Trust, as specified in this agreement.
- **Principal:** Refers to the assets held within the Trust, primarily the insurance policy and any proceeds thereof.
- **Income:** Means any earnings or distributions generated by the Trust assets, if applicable.
- **Ascertainable Standard:** A clearly defined standard relating to the Beneficiary's health, education, maintenance, or support, used to guide the Trustee's discretionary distributions. This standard ensures distributions align with the Beneficiary's needs.

## Interpretation

Throughout this agreement, the singular shall include the plural and vice versa. Headings are for convenience and do not affect interpretation. All references to sections or schedules are to those in this agreement. The words "include," "includes," and "including" are not limiting.



# Trust Establishment and Funding

## Trust Formation

ACME-1 (the "Grantor") hereby establishes this Insurance Trust. This trust is created with the intention of providing for the beneficiaries as designated in this agreement. Docupal Demo, LLC, located at 23 Main St, Anytown, CA 90210, United States, is the producer of this Insurance Trust Agreement.

## Initial Trust Property

The initial property of this trust shall consist of one dollar (\$1.00) in United States currency. The Grantor may add other assets acceptable to the Trustee during their lifetime or through testamentary disposition.

## Funding the Trust with Insurance Policies

The primary method of funding this trust involves life insurance policies. The trust will be funded either through the transfer of existing life insurance policies or by purchasing new life insurance policies directly within the trust.

## Transferring Existing Policies

To fund the trust with an existing life insurance policy, the Grantor must formally assign ownership of the policy to the Trustee. This assignment must be completed according to the insurance company's requirements. The Grantor is responsible for providing the Trustee with all necessary documentation related to the insurance policy, including policy details, beneficiary designations, and premium payment schedules.

## Purchasing New Policies

Alternatively, the Trustee may purchase new life insurance policies on the Grantor's life. The trust will be designated as the owner and beneficiary of these new policies. The Grantor will cooperate fully with the Trustee and the insurance company to complete the application process and provide any required information.



## Legal Requirements

The transfer of ownership must comply with all applicable state and federal laws. The Grantor and Trustee acknowledge that the transfer of a life insurance policy may have gift tax implications. It is recommended that they seek independent legal and tax advice to fully understand these implications. The Trustee will maintain accurate records of all transfers and transactions related to the insurance policies held within the trust.

# Appointment and Powers of the Trustee

## Appointment of Trustee

ACME-1 hereby appoints [Trustee Name], residing at [Trustee Address], as the Trustee of this Insurance Trust. The Trustee must be of legal age and sound mind, and capable of managing financial affairs. The Trustee accepts this appointment and agrees to administer the Trust in accordance with the terms outlined in this Agreement and applicable law. If the Trustee is unable or unwilling to serve, a Successor Trustee designated by ACME-1 will assume this role.

## Trustee's Fiduciary Duties

The Trustee acts as a fiduciary, upholding the highest standards of loyalty, impartiality, prudence, and full disclosure to the beneficiaries of this Trust. The Trustee must administer the trust solely in the best interests of the beneficiaries. The Trustee must act impartially when dealing with multiple beneficiaries, and manage trust assets with the care, skill, prudence, and diligence that a prudent person would use. The Trustee must also provide complete and accurate information about the trust to the beneficiaries.

## Trustee's Administrative Powers

The Trustee possesses broad administrative powers to manage and administer the Trust effectively. These powers include, but are not limited to:

- **Investment Management:** The power to invest and reinvest trust assets, select investment strategies, and manage risk to maximize returns while adhering to the Trust's objectives.





- **Premium Payment:** The power to pay insurance premiums using trust assets, ensuring the policies remain active and in good standing.
- **Proceeds Collection:** The power to collect insurance proceeds upon the insured's death, providing necessary documentation and fulfilling all requirements.
- **Distributions:** The power to make distributions to beneficiaries according to the terms of this Agreement, ensuring timely and accurate payments.
- **Delegation of Authority:** The Trustee may delegate certain administrative or investment powers to qualified professionals, provided they exercise reasonable care, skill, and caution in selecting, instructing, and monitoring the agent.

## Trustee Discretion

The Trustee will exercise reasonable discretion in the administration of this trust, considering the needs and best interests of the beneficiaries. The Trustee's decisions regarding investments, distributions, and other administrative matters will be final and binding, absent bad faith or gross negligence.

# Beneficiaries and Distribution of Trust Proceeds

This section outlines the beneficiaries of the trust and how the insurance proceeds will be distributed. It details the primary and contingent beneficiaries, along with the conditions governing distributions.

## Primary Beneficiaries

The primary beneficiaries of this trust are the insured's spouse and children. Upon the death of the insured, the trustee will distribute the trust assets to these beneficiaries according to the terms outlined in this agreement.

## Contingent Beneficiaries

If the primary beneficiaries predecease the insured or are unable to receive their share of the trust assets, the contingent beneficiaries will become the recipients. The contingent beneficiaries are the insured's grandchildren or other individuals specifically designated in this agreement.



## Distribution Conditions

The distribution of trust proceeds is contingent upon specific events. The primary trigger for distribution is the death of the insured. However, distributions may also occur when beneficiaries reach certain ages, as defined within this agreement. These age-based distributions will be managed according to the schedule and amounts specified.

## Distribution Process

Upon the death of the insured, the trustee will collect the insurance proceeds and manage them according to this agreement. The trustee will then distribute the assets to the primary beneficiaries. If a primary beneficiary has died or is unable to receive funds, their share will be distributed to the contingent beneficiaries.

## Handling Beneficiary Disputes

In the event of a dispute among beneficiaries, the trustee will first attempt to resolve the matter through mediation. If mediation is unsuccessful, the dispute will be settled through binding arbitration. The decision reached through arbitration will be final and legally binding on all parties.

## Specific Scenarios

- **Scenario 1: All Primary Beneficiaries Survive:** If the spouse and all children survive the insured, they will receive their designated shares of the trust assets as outlined in the agreement.
- **Scenario 2: Spouse Predeceases Insured:** If the spouse predeceases the insured, the children will receive the spouse's share, divided equally among them unless otherwise specified.
- **Scenario 3: Child Predeceases Insured:** If a child predeceases the insured, that child's share will pass to their children (the insured's grandchildren), or as otherwise designated in this agreement.
- **Scenario 4: No Primary Beneficiaries Survive:** If none of the primary beneficiaries survive the insured, the trust assets will be distributed to the contingent beneficiaries. If no contingent beneficiaries are living, the assets will be distributed as determined by applicable law or as otherwise stated in this agreement.





# Trust Duration, Amendment and Termination

## Trust Duration, Amendment, and Termination

### Trust Duration

This Insurance Trust Agreement begins on the date it is signed. It will continue until terminated as described in this section.

### Amendment

ACME-1, as grantor, may amend this agreement if such right is reserved, or as otherwise permitted by law. Any amendment must be in writing and delivered to the trustee. The trustee's consent to any amendment is not required unless the amendment affects the trustee's duties or compensation.

### Termination

This trust will terminate upon the occurrence of any of the following events:

- The death of all primary and secondary beneficiaries.
- The distribution of all trust assets.
- As otherwise provided by law.

Upon termination, the trustee will distribute any remaining trust assets. This distribution will be made to any contingent beneficiaries named in this agreement. If no contingent beneficiaries are named, the assets will be distributed as directed in ACME-1's last will and testament, or according to applicable state law if no will exists.

The trustee has the authority to wind up the affairs of the trust following a termination event. This includes the power to sell assets, pay debts, and make final distributions. The trustee's powers will continue for a reasonable period after termination to allow for the proper administration and closure of the trust.



# Tax Considerations and Reporting

This section addresses the tax implications associated with establishing and maintaining the insurance trust. Acme, Inc, as the grantor, beneficiaries, and the trustee must understand these considerations. Tax laws are subject to change, so consulting with a qualified tax advisor is essential.

## Potential Tax Liabilities

Several types of taxes may affect the trust and its beneficiaries:

- **Estate Tax:** Assets held within the trust may be subject to federal estate tax upon the grantor's death. However, proper trust structuring can minimize or even eliminate estate tax exposure.
- **Gift Tax:** Transferring assets, including insurance policies, into the trust may be considered a taxable gift. The annual gift tax exclusion and lifetime exemption can help mitigate this. Strategies like Crummey powers can also be implemented to qualify contributions for the annual gift tax exclusion.
- **Income Tax:** The trust may generate taxable income, such as interest or dividends. This income is reported annually, and the tax liability depends on whether the trust is a grantor trust or a non-grantor trust.

## Trustee's Reporting Obligations

The trustee has a fiduciary duty to manage the trust's assets responsibly, including adhering to all tax reporting requirements. Key responsibilities include:

- **Filing Tax Returns:** The trustee must file all necessary federal and state tax returns, such as IRS Form 1041 (U.S. Income Tax Return for Estates and Trusts), on behalf of the trust.
- **Maintaining Records:** Accurate and complete records of all trust transactions, income, and expenses must be maintained.
- **Providing Information to Beneficiaries:** The trustee must provide beneficiaries with the information they need to report their share of trust income on their individual tax returns.



## Strategies for Minimizing Tax Impact

Several strategies can help minimize the tax impact on the trust and its beneficiaries:

- **Crummey Powers:** Granting beneficiaries the temporary right to withdraw contributions to the trust can qualify those contributions for the annual gift tax exclusion.
- **Disclaimers:** Beneficiaries can disclaim their right to receive assets from the trust, potentially redirecting those assets to other beneficiaries in a more tax-efficient manner.
- **Proper Trust Structuring:** The trust can be structured to take advantage of various tax laws and regulations. This may involve careful consideration of the grantor trust rules, the use of qualified disclaimers, and other advanced estate planning techniques.
- **Professional Advice:** Consulting with qualified legal and tax professionals is crucial to ensure compliance and optimize tax outcomes.

## Trustee Succession and Replacement

This section outlines the procedures for trustee succession, resignation, removal, and the appointment of successor trustees. It ensures the continued and effective administration of the trust.

### Resignation of Trustee

A trustee may resign at any time by providing written notice to all beneficiaries. The resignation will take effect as specified in the notice. If no effective date is specified, it becomes effective 30 days after the notice date. The resigning trustee must provide a final accounting of the trust's assets and activities.

### Removal of Trustee

A trustee may be removed for cause. Cause includes breach of fiduciary duty, mismanagement of trust assets, or incapacity. Removal requires written notice to the trustee, specifying the grounds for removal. Beneficiaries holding a majority interest in the trust may initiate the removal process. A court of competent jurisdiction can also remove a trustee.



## Appointment of Successor Trustee

The trust document may name one or more successor trustees. These individuals or entities will assume the role of trustee in the order specified. If the trust document does not specify a successor, or if the designated successors are unable or unwilling to serve, a successor trustee may be appointed by a court of competent jurisdiction. Beneficiaries may petition the court for the appointment of a successor.

The successor trustee will have all the powers, duties, and responsibilities as the original trustee. Upon appointment, the outgoing trustee, or their representative, must transfer all trust assets and records to the successor trustee. The successor trustee should review the trust document and all relevant records to understand their obligations and the trust's objectives.

## Trust Administration and Record-Keeping

The Trustee is responsible for diligently administering the Trust according to the terms of this Agreement and applicable law. This includes managing assets, making distributions, and maintaining accurate records.

### Record-Keeping Requirements

The Trustee must keep detailed and accurate records of all financial transactions related to the Trust. This includes records of all income, expenses, purchases, sales, and other transactions involving Trust assets. Investment records, including brokerage statements and other documentation related to investment decisions, must also be maintained. Furthermore, the Trustee will retain all communications with beneficiaries, including letters, emails, and notes of phone conversations.

### Reporting to Beneficiaries

The Trustee will provide an annual report to the beneficiaries of the Trust. This report will summarize the Trust's financial activity for the year, including income, expenses, gains, and losses. The report will also provide an overview of the Trust's assets and liabilities. Additional reports may be provided at the Trustee's discretion or as required by law.



## Standards of Care

The Trustee will administer the Trust according to the standards of care required by the laws of the governing state and the terms of this Trust Agreement. The Trustee must act prudently and in the best interests of the beneficiaries. The Trustee will make investment decisions with reasonable care, skill, and caution, considering the purposes, terms, distribution requirements, and other circumstances of the Trust.

## Document Retention

The Trustee will retain all records relating to the administration of the Trust for at least [Number] years after the termination of the Trust, or as otherwise required by law. These records will be made available to the beneficiaries or their representatives upon reasonable request. The Trustee may maintain records in either physical or electronic form, provided that the records are readily accessible and can be accurately reproduced.

# Liability and Indemnification

The Trustee will act with reasonable care and in good faith. Docupal Demo, LLC intends for the following provisions to protect the Trustee.

## Limitation of Liability

The Trustee will not be liable for actions taken in good faith. The Trustee also will not be liable for errors in judgment. This protection exists as long as the Trustee acts with reasonable prudence. However, the Trustee can be liable for breach of fiduciary duty. Self-dealing and negligence can also create liability.

## Indemnification

ACME-1 will indemnify the Trustee. This indemnification covers actions related to the trust. It applies unless the Trustee acted fraudulently or with gross negligence. Indemnification covers losses, damages, and expenses. This includes reasonable legal fees. Indemnification is triggered when the Trustee incurs these costs. The costs must result from acting on behalf of the trust.





## Trust Assets as Source of Indemnification

The primary source of indemnification is the trust assets. The Trustee can use trust assets to cover losses and expenses. This is subject to the limitations outlined in this agreement. ACME-1 may provide additional indemnification if trust assets are insufficient. The Trustee must seek reimbursement from the trust assets first.

## Exclusions

The indemnification provided does not extend to actions:

- Arising from the Trustee's willful misconduct.
- Due to the Trustee's gross negligence.
- Resulting from the Trustee's self-dealing.
- In violation of the terms of this Agreement.

## Governing Law and Dispute Resolution

This Insurance Trust Agreement shall be governed by and construed in accordance with the laws of the state where the grantor resides or where the trust is administered. This includes matters of trust interpretation, validity, and administration.

### Dispute Resolution

The parties agree to resolve any disputes related to this Agreement through good faith negotiation. If a resolution cannot be reached through negotiation, the parties agree to first attempt to settle the dispute by mediation. The mediation will occur in a location agreed upon by the parties. A mutually agreed-upon mediator will conduct the mediation.

If mediation is unsuccessful, any unresolved controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association. One arbitrator will conduct the arbitration, selected according to AAA rules. The arbitration will take place in a location agreed upon by the parties. The arbitrator's decision shall be final and binding on all parties. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.





# Miscellaneous Provisions

## Notices

All notices relating to this Agreement must be in writing. Notices are effective upon receipt by the intended recipient. They must be sent to the addresses specified by each party. Each party must inform the other of any change to their address.

## Severability

If any provision of this Agreement is deemed unenforceable, the remaining provisions remain in full effect. The parties will negotiate in good faith to replace the invalid provision. The replacement will reflect the original intention as closely as possible.

## Governing Law

The laws of the State of Delaware govern this Agreement. This includes its interpretation and enforcement. All parties agree to this choice of law.

## Entire Agreement

This Agreement constitutes the entire understanding between the parties. It supersedes all prior discussions, agreements, or representations. This Agreement can only be modified by a written amendment. It must be signed by all parties.

## Amendment

The Grantor may amend this Agreement. The Grantor must provide a written amendment to the Trustee. The amendment takes effect upon the Trustee's acknowledgment. The Trustee's acknowledgment signifies their receipt of the amendment.



## Counterparts

This Agreement may be executed in counterparts. Each counterpart has the effect of the original. Together, all counterparts constitute one and the same agreement.

## Rule Against Perpetuities

The trust created herein shall terminate no later than 21 years after the death of the last to die of the Grantor and the Grantor's issue who are living on the date of this Agreement. Should any provision of this Agreement violate the rule against perpetuities or any other rule against restraints on alienation, such provision shall be reformed to the extent necessary to comply with such rule.

## Conflicts

If there is a conflict between provisions in this Agreement, the more specific provision governs. This ensures the most precise instruction is followed.

