



IRREVOCABLE AGREEMENT

Third Party Trust (funded with assets not owned by beneficiary)\*

THIS IS A BINDING LEGAL DOCUMENT. YOU MAY WISH TO OBTAIN PROFESSIONAL ADVICE BEFORE SIGNING.

1. SETTLOR

This Alabama Family Trust ("AFT") account is hereby created and established by

\_\_\_\_\_ also known as the Settlor. If the Settlor is unable to sign

the documents, the name of the person acting on behalf of the Settlor is:

\_\_\_\_\_.

2. BENEFICIARY

This account is being established for the benefit of \_\_\_\_\_.

The Beneficiary may sometimes be referred to as the "Life Beneficiary."

3. CONTRIBUTION

The amount being contributed to establish this account is \$ \_\_\_\_\_.

Additional contributions may be made by anyone (referred to as a "Contributor") who wants to make a contribution, as long as the contributions do not come from the Life Beneficiary, the Life Beneficiary's spouse, or any government needs-based benefits like Social Security Income (SSI) payments. All contributions must be in cash.

4. CO-TRUSTEE

The Co-Trustee is the person or persons the Settlor appoints to request distributions on behalf of the Beneficiary and to have input in the investment option strategies offered by AFT. The Settlor

\* There is no Medicaid pay-back at the death of the Life Beneficiary when the trust is created with third-party funds.

designates the following Co-Trustees to serve (*initial where appropriate*):

\_\_\_\_\_ Jointly

\_\_\_\_\_ One at a time and in the order listed:

If for any reason the Co-Trustee(s) is/are unwilling or unable to serve, then the Settlor designates the following as successor Co-Trustee \_\_\_\_\_.

*Note: A Settlor may serve as a Co-Trustee for this Third-Party Trust. The following may NOT serve as a Co-Trustee: Beneficiary, Beneficiary's spouse.*

#### **5. PAYMENTS TO CO-TRUSTEE**

The only distributions which may be made to a Co-Trustee are amounts to reimburse the Co-Trustee for his or her out-of-pocket expenses on behalf of the Beneficiary.

#### **6. TRUSTEE**

The Trustee is the Alabama Family Trust Corporation, which acts through its board of trustees, staff, and the financial institution employed by AFT as agent, all of whom are acting on behalf of AFT and the Beneficiary.

#### **7. THIS TRUST IS IRREVOCABLE**

#### **8. TRUST AMENDMENT**

This Trust may be changed to amend the Trust as required in order for the Trustee to comply with federal or state laws, rules, regulations and interpretations related to eligibility for Medicaid, SSI and other government benefits; to comply with the Internal Revenue Service and other tax authorities as needed; and to clarify questions that may arise related to administration of the Trust.

**9. TRUST TERMINATION**

At the Life Beneficiary's death, if the Life Beneficiary has not received AFT Trust income or principal, then, subject to the payment of administrative fees and expenses as established by the AFT Corporation, an amount equal to the current fair market value of the balance of the Life Beneficiary's account in the AFT Trust as determined on the date of distribution shall be distributed to the remainder beneficiaries. If the Life Beneficiary has received any AFT Trust income or principal, then, subject to the payment of administrative fees and expenses as established by the AFT Corporation, an amount equal to 95 percent of the fair market value of the principal balance of the Life Beneficiary's account (as determined on the date of distribution) shall be distributed to the Remainder Beneficiaries. The remaining balance of the Life Beneficiary's account shall be distributed to the AFT Charitable Trust.

**10. REMAINDER BENEFICIARIES**

Sometimes referred to as Remaindermen, these are the entities or persons designated by the Settlor to receive net assets remaining at Trust termination. The Settlor has named the following Remainder Beneficiaries in the following amounts or percentages:

Remainder Beneficiary 1	
Amount or Percentage	

Remainder Beneficiary 2	
Amount or Percentage	

Remainder Beneficiary 3	
Amount or Percentage	

Remainder Beneficiary 4	
Amount or Percentage	

Remainder Beneficiary 5	
Amount or Percentage	

Attach additional pages if more space is needed.

**Substitute Remainder Beneficiaries.** If a Remainder Beneficiary should cease to exist prior to termination of the account, then such Remainder Beneficiary's share shall be paid as follows

(Choose one of the following by placing our initials by your choice):

\_\_\_\_\_ To the deceased Remainder Beneficiary's descendants per stirpes; or

\_\_\_\_\_ Divided pro rata among the other Remainder Beneficiaries; or

\_\_\_\_\_ To this substituted recipient instead:

Name \_\_\_\_\_

Address \_\_\_\_\_

## 11. ADDITIONAL TRUST PROVISIONS

The Settlor of this AFT account understands that "account" and "trust" both refer to the Life Beneficiary's trust account with AFT. The Settlor acknowledges the *following (please initial each item)*:

\_\_\_\_\_ Medical Eligibility. AFT requires that the Beneficiary have a mental or physical disability that substantially limits one or more major life activities, regardless of whether the impairment is congenital or caused by accident, injury, age or disease. Such condition must be verified by medical findings that meet the medical-vocational requirements for a finding of disability under Section 223(d) of the Social Security Act, 42 U.S.C. Section 4223(d), or under Section 1382c of the Social Security Act, 42 U.S.C. Section 1382c. Proof of this medical eligibility has been provided to the Trustee.

\_\_\_\_\_ Use of Account. The purpose of this account is to supplement, not to replace, the Life

Beneficiary's government benefits and to improve his or her quality of life. The Co-Trustee may periodically request disbursements for the benefit of the Life Beneficiary, which if approved by the Trustee, may be used to purchase goods and services for the benefit of the Life Beneficiary.

\_\_\_\_\_ Investments and Records. While contributions to and earnings of the AFT Trust may be administered as one trust for purposes of investment and management, there will be a separate account for each Life Beneficiary. A financial institution selected by AFT serves as investment agent for investing the Life Beneficiary's account funds, and account information will be regularly available to the Settlor.

\_\_\_\_\_ Minimum Required to Open Account. A minimum of \$1,500 is required to open this account.

\_\_\_\_\_ Minimum Balance. If the balance falls below \$525, AFT may close the account.

\_\_\_\_\_ Income Taxes. Earnings accruing to this account may result in taxable income to the Life Beneficiary. The Trustee will provide evidence of such income annually.

\_\_\_\_\_ Arbitration. If the Co-Trustee and Trustee cannot agree concerning a requested distribution, then either may request that the matter be resolved by arbitration.

\_\_\_\_\_ Life Beneficiary has no control. The Life Beneficiary may not demand any distribution from this trust. The Life Beneficiary may not assign, convey or otherwise encumber his or her account, nor shall any account assets be subject to any debt incurred by the Life Beneficiary or to the claims of any creditor of the Life Beneficiary.

**12. To become familiar with how AFT accounts operate, the Settlor has reviewed the following forms from AFT and provided this information to the Co-Trustee(s):**

\_\_\_\_\_ Sample of Covered Items/ Not Covered Items

\_\_\_\_\_ Request for Disbursement Form

\_\_\_\_\_ Mileage Form

\_\_\_\_\_ Schedule of Trustee Fees and Costs

This Agreement is executed by the Settlor and by the Alabama Family Trust Corporation as

Trustee on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Settlor's Signature \_\_\_\_\_

Settlor's Name, Printed \_\_\_\_\_

If Settlor is unable to sign, state the capacity which you are signing (agent under power of attorney, guardian, conservator, or by court order): \_\_\_\_\_

Date \_\_\_\_\_

**WITNESSES:**

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Address \_\_\_\_\_

**ALABAMA FAMILY TRUST CORPORATION as Trustee**

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_