

SAMPLE TWO LIFE CHARITABLE REMAINDER UNITRUST

This Irrevocable Unitrust Agreement is made and entered into by and between _____ (name) _____ of _____ (city/state) _____ (Grantors) and Economics Arkansas Foundation of Little Rock, Arkansas, (Trustee), as of the date this Agreement is duly executed on behalf of the Trustee.

(A) UNITRUST PERCENTAGE. The Unitrust Percentage, which shall be used to determine the Unitrust Amount for purposes of this Agreement shall be Six percent (6.00%).

(B) UNITRUST RECIPIENTS. The First Unitrust Recipient for purposes of this Agreement shall be _____ (Grantors) of (city/state) _____. The Second Unitrust Recipient is the survivor of _____ (Grantors) of (city/state) _____. Unitrust Amounts shall be paid first to _____ (Grantors) _____ in equal shares while both are living and then to the survivor of _____ (Grantors) _____ for that survivor's life, subject to the last regular payment provision of Paragraph 1 below.

(C) SCHEDULE FOR CHARITABLE DISTRIBUTION. Any amounts which are to be distributed under this Agreement according to this Schedule of Charitable Distribution shall be distributed to qualified exempt charities as follows: ____% to _____, ____% to _____, and ____% to _____.

(D) INITIAL TRUST CORPUS. The assets specified in Attachment "A" to this instrument have been transferred to the Trustee and shall constitute the initial trust corpus. This corpus and any additions to the corpus shall be administered by the Trustee as a single fund.

(E) TRUST PROVISIONS. The following provisions shall govern this Charitable Remainder Unitrust:

(1) PAYMENT OF UNITRUST AMOUNTS. During every taxable year of the Unitrust the Trustee shall pay the Unitrust Amount, which shall be determined according to Paragraph 2 hereof. Payments of Unitrust Amounts shall be made in equal quarterly installments, payable at the end of the selected period during each taxable year of the Unitrust. The Trustee shall pay the Unitrust Amounts to the Unitrust Recipient during the period indicated above. Notwithstanding other paragraphs herein, the obligation to pay Unitrust Amounts hereunder shall terminate with the last regular payment preceding the death of the last noncharitable beneficiary.

(2) DETERMINING THE UNITRUST AMOUNTS. For all purposes of this Agreement, the Unitrust Amount shall be an amount equal to the Unitrust percentage (set forth above) multiplied by the net fair market value of the trust assets valued as of the first day of each taxable year, decreased as provided in paragraph 5 or increased as provided in paragraph 6 hereof. Unitrust Amounts shall be paid in equal quarterly

installments from income and, to the extent that income is not sufficient, from principal. Any net income of the Unitrust for any taxable year in excess of the Unitrust Amount shall be added to the corpus at the end of such year.

(3) TESTAMENTARY RIGHT OF REVOCATION. Under the terms of this Charitable Remainder Unitrust Agreement, The Grantors each reserve the right, exercisable only by a Grantor's will (making specific reference hereto), to revoke and terminate the interests of any Successor Unitrust Recipient. A Grantor's power of revocation shall be limited to the proportion of total trust value transferred to the Trustee by that Grantor, with all values determined as of date of contribution.

(4) ADJUSTMENTS IN EVENT OF REVALUATION. In the event that the fair market value of the assets constituting the corpus of the Unitrust, as determined by the initial valuation or any annual revaluation as provided hereinabove, is thereafter determined to be in error, the Unitrust Amounts which were paid to a Unitrust Recipient shall be adjusted within reasonable time after final determination is made as to correct fair market value of such corpus by refund to, or additional payment by, the said Unitrust as may be required so that only those Unitrust Amounts shall have been paid which would have been paid if the initial valuation or any annual revaluation had been correct.

(5) TAXABLE YEAR AND SHORT TAXABLE YEARS. The first taxable year shall commence on the effective date of this agreement and shall end on December 31 of the same year. All subsequent taxable years shall commence on January 1 and, except for the final taxable year, shall end on December 31 of each respective year. During any taxable year of the Unitrust which is less than twelve months in duration, the Unitrust Amounts to be paid hereunder to the Unitrust Recipients shall be a fraction of the amount determined by multiplying the Unitrust Percentage by the fair market value of the assets constituting the corpus of such Unitrust at the beginning of that year, of which fraction the numerator shall be the number of days in such short year and of which the denominator is three hundred sixty-five (365) or, if February 29 is a day included in the numerator, of which the denominator is three hundred sixty-six (366).

(6) ADDITIONAL CONTRIBUTIONS. The grantors and other persons may at any time contribute additional property to the Unitrust provided that such property is acceptable to the Trustee. If any additional contributions are made to the Unitrust after the initial contribution in trust, the Unitrust Amount, as determined under paragraph 2 above, for the taxable year in which the assets are added to the trust shall be determined by multiplying the Unitrust Percentage by (a) the net fair market value of trust assets (excluding the assets so added and any income from, or appreciation on, such assets) and (b) that proportion of the value of the assets so added that was excluded under (a) which the number of days in the period which begins with the date of contribution and ends with the earlier of the last day of the taxable year or the date of the last regular payment pursuant to Paragraph 1 hereof, bears to the number of days in the period which begins on the first day of such taxable year and ends with the earlier of the last day of the taxable year or the date of the last regular payment pursuant to Paragraph 1 hereof. In the case

where there is no valuation date after the time of contribution the assets so added shall be valued at the time of contribution.

In the event of an additional contribution to the Unitrust as a result of the death of an individual whose gross estate for Federal Estate Tax purposes includes the property passing to this charitable unitrust as such additional contribution, the Trustee's obligation to pay the Unitrust Amount with respect to such additional contribution shall commence with the date of death of that person, but payment of such Unitrust Amount may be deferred from such date of death to the end of the taxable year of the unitrust in which such additional contribution has been finally and completely distributed into the unitrust. Within a reasonable period after such time, the Trustee shall pay, in the case of an underpayment, or shall receive from the income recipient(s), in the case of an overpayment, the difference between (a) any Unitrust Amounts actually paid by the Trustee, plus interest, compounded annually, and (b) the Unitrust Amounts payable, plus interest on those amounts compounded annually. The rate of interest shall be the rate then specified by the Treasury Department for underpayments and overpayments of unitrust interests as stated in the Regulations under Code Section 664.

(7) **DISABILITY OF RECIPIENTS.** If at any time any noncharitable beneficiary to whom the Trustee is directed in this instrument to pay Unitrust Amounts is under legal disability, the Trustee may pay Unitrust Amounts over to the Recipient or for the Recipient's use to a guardian or to any adult person with whom the Recipient resides, without responsibility for expenditure of such Unitrust Amounts.

(8) **NO DEATH TAXES PAID FROM TRUST.** No federal estate taxes, generation skipping transfer taxes, state death taxes or other estate, death or inheritance taxes (from now on called "death taxes") with respect to any party to this trust shall be allocated to or be recoverable from the trust. The grantors impose an obligation on grantors' estates to pay death taxes from sources other than this trust and agree to so provide in grantors' wills or in another way. This provision may be enforced by a noncharitable beneficiary, the trustee or a charity, acting alone or together.

(9) **TERMINATION OF UNITRUST.** For all purposes of this instrument, the Unitrust, and its last taxable year, shall terminate upon the expiration of the last period during which Unitrust Amounts are to be paid hereunder (whether such period is the life of the First or Second Unitrust Recipient), provided that such shall not be later than the last day of the period specified in Section 1.664-3(a)(5) of the Federal Income Tax Regulations. Anything herein to the contrary notwithstanding, the Unitrust shall not continue beyond the time of death of the last to die of the Unitrust Recipients.

(10) **DISTRIBUTION UPON TERMINATION OF THIS UNITRUST.** Upon termination of the Unitrust all property constituting the Unitrust, including all income received or accrued but not theretofore distributed, shall be distributed as set forth in the Schedule for Charitable Distribution (which appears in Section C hereof).

(11) CONFORMITY TO FEDERAL TAX LAWS. With respect to the Unitrust herein established, in any conflict, Treasury regulations shall prevail over generally accepted fiduciary accounting principles and any inconsistent provisions of this Unitrust Agreement. Without limiting the generality of these provisions, if Treasury regulations shall specify a method or time of valuing the Unitrust's assets, or a way of making payments from the Unitrust, which differs from the provisions herein contained, this Unitrust Agreement shall be deemed amended to conform to the Treasury regulations. The assets of the Unitrust shall be valued, managed and invested consistent with the intent that the Unitrust be exempt from taxation, and that it shall be entitled to applicable charitable income, gift or estate tax deductions. Except for the payment of the Unitrust Amounts to the Unitrust Recipients, the trustee is prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, from retaining any excess business holdings as defined in Section 4943(c) of the Code which would subject the trust to tax under Section 4943 of the Code, from making any investments which would subject the trust to tax under Section 4944 of the Code, and from making any taxable expenditures as defined in Section 4945(d) of the Code. The trustee shall make distributions at such time and in such manner as not to subject the trust to tax under Section 4942 of the Code. In addition, nothing in this trust instrument shall be construed to restrict the trustee from investing the trust assets in a manner which could result in the annual realization of a reasonable amount of income or gain from the sale or disposition of trust assets.

(12) DISTRIBUTIONS TO CHARITIES. No amount other than a Unitrust Amount shall be paid to or for the use of any person other than an organization described in each of Section 170(b)(1)(A), Section 170(c), Section 2055(a) and Section 2522(a) (hereafter 'qualified exempt' organizations). Grantors retain the right by a written instrument to add qualified charities to and remove charities from the Schedule of Charitable Distribution and to change percentage allocations to all charities. If a Grantor is a current income recipient, then a Grantor shall retain the right to direct the Trustee to distribute an undivided percentage of trust assets to qualified exempt charities on the last day of any trust taxable year. The adjusted basis for Federal tax purposes of any trust property which the trustee distributes in kind to charity must be fairly representative of the adjusted basis for such purposes of all trust property available for distribution on the date of distribution. All principal and income to be distributed under the Schedule for Charitable Distribution shall be distributed in the specified percentages only to those organizations that are qualified exempt. The share of any specified charity which is not a qualified exempt organization shall be distributed in proportion to the remaining percentages by the trustee to the remaining named qualified exempt charities, if any. If no specified organization is qualified exempt, the share shall be distributed to such qualified exempt organization or organizations as shall be selected by the trustee in the sole discretion of the trustee.

(13) ADMINISTRATION OF THE UNITRUST. The trustee is authorized to retain the Trust property, or may sell the property and reinvest in such property as the trustee shall deem advisable. The trustee shall not be required to diversify as to kind or amount. Unless prohibited by federal law, the trustee shall have the power to invest in

zero coupon bonds, an annuity contract or a life insurance policy on the life of the Unitrust Recipient or Recipients, as applicable. Solely for the purpose of complying with section 664 of the Code and applicable Treasury regulations, the trustee shall be authorized to amend this trust by written statement attached to this instrument and delivered to the current income recipients. In managing the trust assets, the trustee shall have the power to select and compensate professional advisors or administrators and to delegate appropriate trust powers to them. In addition, solely to the extent that these powers do not conflict with other trust provisions, the Trustee is authorized the trust powers specified by law.

(14) ACCOUNTS AND REPORTS. The Trustee shall keep current accounts accurately reflecting the position of, and the receipts, disbursements and other changes in, the income and corpus of the trust, which shall be available for inspection during all reasonable business hours by any Unitrust Recipient currently receiving payments of Unitrust Amounts hereunder or his duly authorized representative. In addition, the Trustee as of the end of each taxable year of the trust and as of any other date the Trustee deems beneficial, shall keep the said Unitrust Recipient or his duly authorized representative, informed of the contents of such reports by accurate written statements. To the extent permitted by law, the Trustee shall not be required to provide reports or information to remainder recipients prior to trust termination.

(15) TRUSTEE. Economics Arkansas Foundation of Little Rock, Arkansas, shall serve as Trustee of the Unitrust herein established. If No Independent Trustee as defined under Sections 664, 674 and 672 of the Code is acting with respect to this trust and the trust holds any asset that does not have a readily ascertainable fair market value, includes a discretionary power to allocate capital gain to income or principal, or holds any insurance contract or annuity contract, then an Independent Special Trustee as defined under the above Code sections shall be appointed by the Trustee in a written document referring to this paragraph. The Independent Special Trustee shall have sole responsibility for valuation of assets without readily ascertainable fair market value, for making allocations of capital gain to income or principal, and shall make all decisions regarding withdrawals, surrender, options, elections, allocations to income or principal, and dispositions with respect to any insurance or annuity contract. The Independent Special Trustee shall have no powers other than those specified in this paragraph. A Trustee shall be entitled to compensation for services hereinunder according to the Trustee's schedule of fees in effect at the time such services are rendered. No bond or security shall be required of the Trustee in any jurisdiction. The Trustee shall not be required to file an inventory or annual report with any court with proper jurisdiction. If at any time a trustee is a corporation, the position of trustee may be assumed by a successor corporation with trust powers. A successor trustee shall not be required to examine the administration or actions of any prior trustee and shall not be liable for such administration or actions. Grantors retain the right by written instrument submitted to the Trustee to remove any Trustee and designate any successor Trustee.

(16) GOVERNING LAW. This Agreement and all rights and obligations under it shall be determined in accordance with the law of the State of Arkansas except to the

extent that such may be in conflict with United States laws and regulations with respect to income, estate and gift taxes which shall govern in the event of such conflict.

In Witness Whereof, the grantors have signed this Agreement, accepted all trust provisions and transferred the trust corpus as specified in Attachment A and the Trustee has accepted this trust through the signature below.

_____ Date _____ _____ Date _____
(typed name), Grantor (typed name), Grantor

I hereby acknowledge receipt in trust of the corpus specified in Attachment "A" to this Charitable Trust.

_____ Date _____
(typed name), Trustee

STATE OF _____
COUNTY OF _____

Subscribed, sworn to and acknowledged before me by the Grantors, _____ (Grantors) on _____ (date) _____.

(SEAL)

NOTARY PUBLIC