

Trust & Estate Glossary

Ascertainable standard – A standard that restricts the power of the Trustee to make distributions to a beneficiary within the needs of health, education, support, or maintenance.

Beneficiary – A person who will receive the benefit of property from an estate or trust through the right to receive a bequest or to receive income or trust principal over a period of time.

Descendants – An individual’s children, grandchildren, and more remote persons who are related by blood or because of legal adoption.

Estate Administration – The process during which the executor or personal representative collects the decedent’s assets, pays all debts and claims, and distributes the residue of the estate according to the will or the state law intestacy rules.

Estate tax- A tax imposed on a decedent’s transfer of property at death.

Executor – Person named in a will and appointed by the court to carry out the terms of the will and to administer the decedent’s estate. Also referred to as personal representative.

Fiduciary – An individual or a bank or trust company designated to manage money or property for beneficiaries and required to exercise the standard of care set forth in the legal document.

Grantor – A person, including a testator, who creates, or contributes property to a trust. More than one individual can create or contribute property to a trust, each person is a grantor with respect to the portion of the trust property attributable to that person’s contribution, and except to the extent another person has the power to revoke or withdraw that portion. Dependent on the legal document, using the term grantor may imply the trust income is taxed to that individual for income tax purposes.

Gross Estate – A federal estate tax concept that includes all property owned by an individual at death and certain property previously transferred by him/her that is subject to federal estate tax.

Intestate – An individual dies without a valid will, the decedent’s estate will be distributed in accordance with a state’s intestacy law.

Marital Deduction- An unlimited federal estate and gift tax deduction for property passing to a spouse in a qualified manner.

Personal Representative – An executor or administrator of a decedent’s estate. Also referred to as an executor.

Per stirpes – A Latin phrase meaning “per branch” and is a method for distributing property according to the family tree. Each branch of the named person’s family is to receive an equal share of the estate. If all children are living, each child would receive a share, but if a child is not living, that child’s share would be divided equally among the deceased child’s children.

Prudent Investor Act – A law that provides for how fiduciaries must invest trust, estate and other assets they hold in a fiduciary capacity, such as a trustee or executor.

Remainder Interest- Future interest in property or assets but remainder men will not have possession of the property or asset until the expiration or natural end of a prior estate.

Settlor – Term used for one who establishes or settles a trust. Also called a “trustor” or “grantor.”

Situs – a place where property belongs for purposes of legal jurisdiction or taxation.

Spendthrift provision- A trust provision restricting both voluntary and involuntary transfers of a beneficiary’s interest, frequently in order to protect assets from claims of the beneficiary’s creditors.

Testamentary – Relating to a will or other document effective at death.

Trust – An arrangement whereby property is legally owned and managed by an individual or corporate fiduciary as trustee for the benefit of another.

Trustee - An individual person, bank, or trust company given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified within the document.

Will – A written document signed by the testator specifying which beneficiaries are to inherit the testator’s assets. The document names a representative or executor of the estate, responsible for distributing the assets to the beneficiaries.