



Deposit Insurance
Protection that's on the Money

Irrevocable Express Trust Accounts

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What is the definition of "Irrevocable Express Trust Account" as it relates to deposit insurance?

An Irrevocable Express Trust Account is an account in respect of which an individual called the grantor or settlor uses his/her property to establish a trust account, but does not retain any interest in the trust account.

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The account is managed by a designated trustee for the benefit of a third party called the beneficiary. This is done in accordance with agreed-upon terms under an Irrevocable Express Trust created by a written law or by a trust instrument (a legal document created by an Attorney-at-Law).

(continued)

Not all DIC member institutions offer Irrevocable Express Trust accounts. Therefore persons wishing to establish Irrevocable Express Trust accounts must enquire of their DIC member institution whether the institution offers this product

Who are the parties in an Irrevocable Express Trust relationship?

The parties in an Irrevocable Express Trust relationship are:

1. Settlor (grantor): Person whose property was used to establish the trust.
2. Trustee: Administrator of the trust; may be a person or an institution.
3. Beneficiary: Person ultimately entitled to the trust property.

What is the deposit insurance coverage on a trust account held under the provisions of an Irrevocable Express Trust?

Funds deposited in an account by a trustee under an Irrevocable Express Trust are insured on the basis of the beneficial interests under such trust.

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The interest of a beneficiary in a valid Irrevocable Express Trust is insured up to TT\$125,000 . This is separate from other accounts held by the settlor (grantor), the trustee or the beneficiary in their other capacities i.e. on individual accounts or joint accounts.

However, all trust interests created by the same settlor (grantor) in the same institution for the same beneficiary will be added together and insured in the aggregate up to the maximum deposit insurance coverage limit of TT\$125,000.

Irrevocable Express Trust Accounts

Topics covered:

1. Multiple Beneficiaries of an Irrevocable Express Trust Account
2. Multiple Irrevocable Express Trust Accounts with the Same Beneficiary
3. Irrevocable Express Trust Accounts & Revocable Trust Accounts

Scenario #1:
Multiple Beneficiaries of an
Irrevocable Express Trust Account



Scenario #1 - Multiple Beneficiaries of an Irrevocable Express Trust Account

Example

Marie is a trustee of an Irrevocable Express Trust Account created by Amanda (the settlor), for the benefit of Brent and Ricardo in equal portions/parts.

Marie maintains the account containing \$250,000 in trust funds for Brent and Ricardo.

Brent and Ricardo, as well as Marie and Amanda, each maintain individual accounts in the amount of \$125,000 each.

Scenario #1 - Multiple Beneficiaries of an Irrevocable Express Trust Account

Visualisation



Scenario #1 - Multiple Beneficiaries of an Irrevocable Express Trust Account

Single (Individual) Account Coverage

Brent	\$125,000
Ricardo	\$125,000
Marie	\$125,000
Amanda	\$125,000

The individual accounts of Brent, Ricardo, Marie and Amanda are each separately insured up to \$125,000.

Scenario #1 - Multiple Beneficiaries of an Irrevocable Express Trust Account

Trust Account Coverage

Brent's Deposit Insurance Coverage	\$125,000 of \$250,000
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Ricardo's Deposit Insurance Coverage	\$125,000 of \$250,000
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The trust account of \$250,000 is fully insured, since each of the deemed interest (Brent and Ricardo) is insured up to \$125,000.

Scenario #2:

Multiple Irrevocable Express Trust Accounts with the Same Beneficiary



Scenario #2 - Multiple Irrevocable Express Trust Accounts with the Same Beneficiary

Example

First Trust Account

Victor is the Settlor of an Irrevocable Express Trust Account for the sole benefit of his son, Brad.

Jack, the Trustee maintains an account at Newman Institution containing \$125,000 in trust funds for Brad.

Scenario #2 - Multiple Irrevocable Express Trust Accounts with the Same Beneficiary

Example

Second Trust Account

Victor subsequently creates a separate Irrevocable Express Trust Account, also for Brad's sole benefit, with Olsen Institution as trustee.

Olsen Institution deposits \$5,000 of the trust funds in another account at Newman Institution.

Scenario #2 - Multiple Irrevocable Express Trust Accounts with the Same Beneficiary

Visualisation



Scenario #2 - Multiple Irrevocable Express Trust Accounts with the Same Beneficiary

Coverage

Brad's Interest - First Trust Account	\$125,000
Brad's Interest - Second Trust Account	\$5,000
Brad's Total Interest	\$130,000
Brad's Deposit Insurance Coverage	\$125,000

Both the First Trust Account and the Second Trust Account were created by the same settlor (grantor) i.e. Victor at the same institution (Newman) for the same beneficiary (Brad). Therefore Brad's trust interests will be added together and insured in the aggregate up to the maximum deposit insurance coverage limit of TT\$125,000.

Scenario #3:
Irrevocable Express Trust Accounts &
Revocable Trust Accounts



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Member FDIC

Scenario #3 - Irrevocable Express Trust Accounts & Revocable Trust Accounts

Example

Johnny is the settlor of an Irrevocable Express Trust Account for the sole benefit of his son, Max.

Anna, the trustee, deposits \$125,000 of the trust funds in a trust account.

Scenario #3 - Irrevocable Express Trust Accounts & Revocable Trust Accounts

Example

Johnny establishes a revocable trust account in the amount of \$125,000 for the sole benefit of Max.

Johnny also has an individual account of \$125,000.



Scenario #3 - Irrevocable Express Trust Accounts & Revocable Trust Accounts

Coverage

Revocable Trust Max's interest in the revocable Trust Account containing \$125,000 is not insured. This amount will be added to Johnny's deposit	\$125,000
Johnny's Individual Account is insured up to \$125,000	\$125,000
Johnny's Total Interest	\$250,000
Johnny's Deposit Insurance Coverage	\$125,000

Max's interest in the Irrevocable Express Trust Account containing \$125,000 is fully insured.

- Scenarios you've covered:**
1. Multiple Beneficiaries of an Irrevocable Express Trust Account
 2. Multiple Irrevocable Express Trust Accounts with the Same Beneficiary
 3. Irrevocable Express Trust Accounts & Revocable Trust Accounts
