

There are many phrases and paragraphs which can be injected into a trust agreement to suit the individual requirements. Just for example, one trust agreement which is in operation at the present time provides that the trustee is directed to charge all premiums on investments, and to credit all discounts on investments against and to principal, and not against or to income, and no person entitled to the remainder or reversion of any fund shall have any claim against the trustee on account thereof.

Another one provides that no stock dividends or rights to subscribe for stock, whether availed of or sold by the trustee, shall be considered as income, but the same shall be considered as an increment of principal and charged to principal account. It then goes on to the distribution of income and principal, which are to suit the individual cases of the various donors and which have been described before.

Either type of trust may provide for a clause expressly reserving to the donor the right at any time, by writing, to revoke the trust, or to amend or change any of the terms or provisions thereof.

A very essential clause in the agreement provides that the trustee assumes no responsibility in respect of the validity or enforcement of any policy at the time of the creation of the trust or afterwards delivered to it, or in respect to the title of any securities that may be transferred to or deposited with it.

The trust may also be created for the payment of certain specified obligations of the donor, and the balance to be held as before stated, even to the payment of expenses of the last illness of the donor.

The advantages of the creation of a life-insurance trust are numerous, and the most outstanding is flexibility of administration, allowing the handling of the investments and distribution of principal and income to be done by a trust company in full knowledge of the local conditions with respect to the beneficiaries. There is no probate procedure on this part of the estate. Investments are made on receipt of the check, and no loss of income results to the heirs, and executors' fees are saved. The funds are protected 100 per cent. for the future generation, and through the agency of the trust company the proceeds are diverted into legitimate channels of business.

The will of the donor should contain practically the same provisions as the insurance trust agreement as to administration.

AMENDMENTS TO THE ENGLISH LAW RELATING TO TRUSTEESHIP.

5. The Trustee Act passed last year in England, which came into operation on the 1st January, 1926, consolidated and extended the various statutory enactments relating to trusts and trustees. A number of the amendments affected are by reason of the somewhat different conveyancing systems existing in the United Kingdom and the Dominion of technical interest to practitioners only, but others bearing upon the law of trusteeship generally are of wider interest. I have therefore thought it desirable to refer briefly to some of the more important provisions contained in the new statute. The operation of the Act is restricted to England and Wales.

Number of Trustees.—Before the coming into force of the new Act there was no restriction as to the number of trustees, except where the settlement contained express provisions upon the matter or in the case of trustees for the purposes of the Settled Land Act, 1882, in which case a minimum of two was required in the absence of a contrary provision in the settlement. Under the new legislation, however, in the case of trusts for the sale of land and trustees for the purposes of the Settled Land Act, 1925, the maximum number of trustees is fixed at four, and the minimum for giving a good receipt for purchase-money is two, unless the sole trustee is a trust corporation. A somewhat analogous provision is contained in the Administration of Estates Act, 1925, in terms of which neither probate nor letters of administration will, after the 1st January, 1926, be granted to more than four persons in respect of the same property. Furthermore, if there is a minority or a life tenancy administration will not now be granted in England or Wales to a single person as representative except in the case of trust corporations.

Investment Provisions: Investments on Mortgage.—Formerly in England and Wales trustees were not allowed to enter into any arrangement with the mortgagor for the continuation of the mortgage for a period of years, but they may, however, now contract that the mortgage shall not be called in for a period not greater than seven years from the date of the loan, subject to the prompt payment of interest and to the observance of the other covenants contained in the mortgage instrument.