

Section 7.3 Trusts for Children. Each trust share created for a living child of the settlor shall be held as a separate trust and administered as provided in this Section.

(a) The trustee shall distribute to the child as much of the net income or principal, or both, of the child's trust as the trustee determines advisable to provide for such child's health, education, maintenance and support.

(b) Upon the child's death, the trustee shall distribute the remaining balance of the child's trust as follows:

(i) To the child's issue in such amounts or proportions as the child may appoint by will, specifically referring to this power of appointment; and

(ii) Any unappointed balance of the trust shall be divided into separate shares for the benefit of the child's then living issue by representation and held pursuant to the terms of Section 7.4 or, if there are none, distributed to the settlor's then living issue by representation.

Section 7.4 Shares for Issue. Each share created for an issue of a deceased child of settlor shall be held as a separate trust for the primary benefit of that issue and administered as provided in Section 6.4, hereof.

ARTICLE I-8.00

GENERAL PROVISIONS CONCERNING DISTRIBUTIONS

Section 8.1 Guidelines to Trustee. Without limiting the trustee's discretion over distributions of income and principal, and except as otherwise specifically provided, the trustee is requested to consider the guidelines of this Section in administering the trust.

(a) Primary Purpose. The primary purpose of this Trust is to make adequate provision for the maintenance, support, welfare, comfort and medical care of the settlor's spouse. The secondary purpose of this trust is to provide for the maintenance, support and medical care of the settlor's child for whom the trust is created, and that child's issue, and to provide them with the best education commensurate with their abilities and interests, including study at private schools and colleges, graduate studies and specialized training. It is the settlor's intent that the settlor's children have the opportunity to fully develop their expression of themselves through a context of developing maturity, self-reliance, and security in themselves. In making discretionary distributions, the trustee shall take into account the beneficiaries' accustomed standard of living.

(b) Consider All Funds. In making distributions to a beneficiary, the trustee need not consider all funds known to the trustee to be available to the beneficiary.

(c) Substantial Equality. Each family group composed of a child and the child's issue should be treated with substantial equality unless the trustee considers unequal

treatment advisable because of disparity of benefits received from the settlor or the settlor's spouse, illness, education expense or other special needs or circumstances.

(d) Liberal Exercise of Discretion. To the extent consistent with the standards provided for making distributions, the trustee should be liberal in the exercise of its discretion to give assistance to the settlor's children during their early years to establish a home, invest in a business, invest in real estate, establish a professional practice, provide for reasonable wedding expenses or to meet any unusual or emergency expense, so long as, in case of a business venture, the business venture has, in the trustee's judgment, a reasonable chance of success and the child has prepared a reasonable business plan.

(e) Authority to Withhold Distribution. In the event the trustee believes that any beneficiary is incapable, for any reason, of managing money or investments, then the trustee may withhold any distribution or may distribute any distribution to a person other than the beneficiary, as long as such distribution is for the benefit of said beneficiary in accordance with the provisions of Section 12.6(a).

(f) Beneficiary Development of Financial Skills. In exercising their discretion whether to distribute income or principal to or for the benefit of a beneficiary, I wish the Trustees to take into consideration, in addition to such other factors as they deem reasonable, the extent to which the beneficiary demonstrates growth of the following skills and the growth of those skills:

(i) The ability to live within ones means, i.e., managing spending consistent with ones level of income;

(ii) The ability to manage spending relative to income in a manner that would be consistent with being able to save a reasonable portion of income, as needed for emergencies, retirement, and generally larger purchases;

(iii) The ability to understand and manage credit and debt processes, leading to minimal debt;

(iv) The ability to maintain accurate and timely accounting of ones personal financial resources;

(v) The ability to understand and manage ones personal assets, either using basic investment procedures and principles oneself or to delegate these actions responsibly to appropriate advisors; and

(vi) The ability to generate income for spending needs if additional resources are required or desired beyond trust distributions.

(vii) The ability to use of a portion of ones income and/or financial resources and/or time to support charitable activities of ones choosing; and

(viii) The ability to show initiative and demonstrate purpose in paid or unpaid work.

It is important for the Trustee to recognize that these skills are commonly developed to varying degrees for most people, with few people possessing all of the skills at a proficient level. These are offered here as a useful basis for evaluating a beneficiary's development of maturity, judgment, and ability to handle wisely the funds to be distributed by the Trust. The Trustee should also consider ways to assist the beneficiary in developing these skills.

After taking into consideration the extent to which the beneficiary demonstrates the financial literacy skills described above, the Trustees may accelerate by not more than two years the ages at which the beneficiary becomes sole trustee of some or all of the principal of the trust estate if, at such earlier date, the Trustees determine that the beneficiary has the maturity, judgment and ability to handle wisely such earlier distribution and that such earlier distribution is in his best interests. The Trustees may postpone the beneficiary becoming sole trustee of some or all of the principal of the trust estate if, at the time the beneficiary would otherwise become sole trustee, the Trustees determine that the beneficiary does not have the legal competence or the maturity, judgment and ability wisely to administer such principal or becoming sole trustee would not otherwise be in his best interests.

Making mistakes with money is an important tool in learning to manage money. The beneficiary should be allowed to take reasonable risks with money he receives as income or distributions. A goal is for the beneficiary to develop skills in risk assessment, risk capacity, and risk tolerance as well as to learn from both success and failure. The Trustees may best help the beneficiary by acting as experienced mentors offering advice, support, and practical assistance, *e.g.*, developing and managing business plans for new ventures.

The Trustees should allow the beneficiary to encounter the consequences of his decisions. Because the Trustees are instructed to allow flexibility in administration of the beneficiary's trust, they may neither be held liable for poor decisions on the beneficiary's part nor responsible for not having foreseen unanticipated consequences of their decisions.

The Trustee and beneficiary are strongly encouraged to use professional advisors to assist in the management of the trust assets and/or the education of the beneficiaries to help them manage the trust, and the development of financial skills or any other purpose as the Trustee and/or beneficiary deem reasonable to help with the management of the assets of the trust.

Section 8.2 Additions to Trusts in Lieu of Outright Distribution. If all or any part of a trust or trust share held for one beneficiary is to be distributed to another beneficiary, then (subject to subsection 8.5(b)) the share shall, in lieu of outright distribution, be added to an existing trust hereunder for the beneficiary to whom the distribution is to be made or, if there is no existing trust hereunder for that beneficiary, shall be held as a separate trust for the benefit of that beneficiary in accordance with the applicable Sections set forth above.

Section 8.3 Distributions to Persons Under Twenty-One Years of Age and Disabled Persons. If any distribution is required to be made under any trust to a beneficiary who at the time