

[BSP CIRCULAR NO. 553, s. 2006*, December 22, 2006]

AMENDMENTS TO CIRCULAR NO. 521 ON GUIDELINES ON LIVING TRUST ACCOUNTS

Pursuant to Monetary Board Resolution No. 1435, dated 23 November 2006, the guidelines relating to living trust accounts, as embodied in Circular No. 521, are hereby amended as follows:

Section 1. Sec. 1 of Circular No. 521 is hereby amended to read as follows:

"1. Definition. Living Trust is defined under the Manual of Accounts for Trust as a Personal trust created by Agreement. It becomes operational during the lifetime of the trustor as soon as the agreement is accomplished.

Under a living trust, the trustor (also known as settlor) conveys property or a sum of money to be managed by the trustee, as the agreement dictates, for the benefit of the trustor and third person(s) or third person(s) only. However, the trustor/s cannot create a trust with himself/themselves as the sole beneficiary/(ies). The functions and authorities of the trustees as defined in the agreement shall include: (1) the purpose or intention of the trust; (2) the nature and value of the property or sum of money that comprise the trust; (3) the trustee's investment powers; (4) the name(s) of the beneficiaries; and (5) the terms and conditions under which the income and/or principal of the trust is to be paid or to be disposed of during the lifetime and ultimately, upon the death of the trustor or upon the occurrence of a specified event(s).

A living trust may either be revocable or irrevocable.

Section 2. Sec. 2 of Circular no. 521 is hereby amended to read as follows:

"2. Minimum Criteria: In line with such definition, transactions considered as living trust accounts should meet the following minimum criteria:

1) Minimum entry amount AND MAINTAINING BALANCE shall at least be P100,000.00, provided that living trust accounts with balances of up to P500,000.00 shall only be invested in deposits AND GOVERNMENT SECURITIES.