

INDEX

THE INVESTMENT OF TRUST FUNDS

"ANNUITY" TRUST

differentiated from "fixed-income" trust, 373.
See "FIXED-INCOME" TRUST.

BANK EXAMINATIONS

of trust departments, before 1933, 462; reasons for extension of, 462-463; analysis of trust department organization and routine in, 464-465; check in, of non-legal investments, 465-466, of stock holdings in trustee institution, 467; flexibility of program of, 468-469.

BONDS

in portfolios of national banks, 345, of Massachusetts trust companies, 345, of 100 largest trust institutions, 345, of 196 selected trusts, 346-347; shortage of suitable, for trust investment, 351.

COMMON TRUST FUNDS

states enacting laws permitting, 430-431; immunity from corporation tax granted to, 430, 439-440; legal structure of, under state laws, 431; trusts eligible to participate in, 432; trustees permitted to establish, 432-433; fiduciary relationship required of participants in, under state law, 434, under Fed. Res. Bd. rules, 445-447; restrictions on self-dealing in, under state law, 434-436, under Fed. Res. Bd. rules, 448-449; methods of evidencing interests in, 436; investments permitted for, 436-437, 444-445; restriction on amount invested by one estate in, under state laws, 436-437, under Fed. Res. Bd. rules, 447-448; valuation of securities in, under state laws, 437, 441-442, under Fed. Res. Bd. rules, 440-441; withdrawals from, under state laws, 437, under Fed. Res. Bd. rules, 442-444, 447, 455-456; liquidating accounts required for, under state laws, 437, under Fed. Res. Bd. rules, 443-445, problems created by, 454-455; accountings and settlements of, under state laws, 437-438, 451, under Fed. Res. Bd. rules, 449-452; drafting of Fed. Res. Bd. regulations of, 440; diversification required by Fed. Res. Bd. rules, 445; effect of errors in good faith on tax immunity of, 452; managerial problems of, 453-454; lowered yields under, 455; risks of fluctuations in, 455; problem of amortization in, 456-459; problem of distribution of income upon termination of trust participating in, 460-461.

Co-TRUSTEES

model clauses governing investment powers of, 384-385; power of, to invest in common trust funds, 432-433, 449; liability of, for investment losses of common trust funds, 433.

DIVERSIFICATION

need for, in purchase of common stocks, 365; required by Ind. statute, 429; required for common trust funds, 445; check of, by bank examiners, 467-468.

EDWARDS, GEORGE W.

study of legal list standards by, described, 390-392.

EXCULPATORY CLAUSES

in model trust investment provisions, 379, 382; tendency of courts to ignore, 470.

FARM CREDIT AGENCIES

laws authorizing investment in issues of, 405.

FEDERAL HOME LOAN BANKS

laws authorizing investments in issues of, 401.

FEDERAL HOUSING ADM'N

laws authorizing investment in mortgages insured by, 403-406.

FEDERAL RESERVE BOARD

regulations of, regarding common trust funds, see COMMON TRUST FUNDS.

FEDERAL SAVINGS & LOAN SYSTEM

laws authorizing investment in shares, etc., of members of, 402-403.

"FIXED-INCOME" TRUST

basic similarity of, to "annuity" and "modernized" trusts, 368; differentiated from customary type of trust, 368; advantage of, in relieving trustee of need to maintain high yields, 369-371, in reducing administrative costs, 372, in effecting tax savings, 372-373; superiority of, to "invasion of principal" clauses, 371-372; problem of accumulations under, 372; differentiated from "annuity" and "modernized" trusts, 373-375; need for consideration of, in planning estates, 376.

GOVERNMENT OBLIGATIONS

changes in legal lists affecting, of U. S., 400-401, and agencies, 401-406, of foreign nations, 406-407, of states, 407-408.

Harvard College v. Amory, 381.

HOME OWNERS' LOAN CORP.

laws authorizing investment in issues of, 401-402.

INDUSTRIAL CORPORATE SECURITIES

changes in legal lists affecting, in Del., 420, Ill., 420-421, Ind., 421, Neb., 421, N. H., 421-422, Ohio, 422, Ore., 422, Va., 422-423.

INFLATION

transitory nature of value and monetary instability in relation to, 355-361; difficulties of escape from, by purchase of other currencies, 361, commodities, 361-362, land, 362, common stocks, 352-353, 362-363; trustee's duty to hedge against, questioned, 363-365; relating beneficiary's income to commodity index as protection against, 366-374; power to invade principal in time of, 366, 371-372; purchase of homes and businesses as protection against, 366; risk of, insufficient to justify departure from conservatism, 367.

INSURANCE

see SURCHARGE LIABILITY INSURANCE.

INVESTMENTS, TRUST

problems of, compared to non-trust investments, 343; types of, by national banks, 344-345; tendency to select sounder securities for, 347-348; criticism of, based on study of 196 trusts, 348-349; effect

of lowered yields on, 350-352; current interest in common stocks as, 352-353; as affected by problem of inflation, 361-367; problems of, diminished under "fixed-income" and similar types of trust, 369-371; model clause authorizing, in property acquired from the general estate, 379-380; model clauses governing, 380-382. See COMMON TRUST FUNDS, LEGAL LISTS, and entries for various types of securities.

ISAACS, NATHAN

concepts of the trust corpus described by, 363.

LANDIS, W. S.

quoted, 362, 365.

LEGAL LISTS

effect of, on quality of trust investments, 343-344; effect of, on liquidation, 349-350; model clauses restricting investments to, 380-381, or authorizing deviations from, 381-382; economic factors requiring modernization of, 386-387; history of evolution of, in New York and Pennsylvania, 388-390; recent provisions giving state officials control over, 390; defects in standards of, for railroads, 391-392, for municipals, 393-395; advantages and disadvantages of investment board as means of achieving flexibility in, 395-398; extent of enactments affecting, since 1929, 399; changes in, relating to obligations of U. S., 400-401, FHLB, 401, HOLC, 401-402, FSLs, 402-403, FHA, 403-405, farm credit agencies, 405, RFC, 405, foreign governments, 406-407, states, 407-408, political subdivisions, 408-410, railroads, 410-415, public utilities, 415-420, other corporations, 420-423, secured by real estate, 423-426, issued as participations, 426-427, investment trusts, 427, building and loan ass'ns, 428; authorizing investment in annuity contracts, 427; "prudent man" rule enacted in lieu of, 428. For references to laws of specific states affecting, see entries for various types of securities.

"MODERNIZED" TRUST

differentiated from "fixed-income" type of trust, 374-375; purchasing-power conservation under, 375. See "FIXED-INCOME" TRUST.

MONEY

functions of, in relation to problems of trust investment, 357-361.

MORTGAGE PARTICIPATIONS

changes in legal lists affecting, 426-427, 430.

MORTGAGES

in portfolios of national banks, 345, of Massachusetts trust companies, 345, of 100 largest trust institutions, 345, of 196 selected trusts, 346-347; shortage of suitable, for trust investment, 351; changes in legal lists affecting, in Ala., 423, Conn., 423, Del., 423, Fla., 424, Ind. 424, Neb., 424, N. H., 424, N. J., 424, N. Y., 425, Ohio, 425, Ore., 425, Penna., 425, Tenn., 426, Va., 426; check on, by bank examiners, 466, 469.

MUNICIPAL OBLIGATIONS

defects in legal list standards for, 393-395; changes in legal lists affecting, 408-410.

PURCHASING POWER PRESERVATION

as duty of trustee, questioned, 363-365; possibilities for, under "modernized" type of trust, 375.

PUBLIC UTILITY SECURITIES

changes in legal lists affecting, in Conn., 415-416, Del., 416, Fla., 416-417, Minn., 417, N. H., 417-418, N. J., 418, N. Y., 418, Penna., 418, Tenn., 418-419, Va., 419, Wis., 420.

RAILROAD SECURITIES

suspension of standards for, in New York legal list, 349; defects in legal list standards for, 391-392; changes in legal lists affecting, in Conn., 410-411, Del., 411-412, Fla., 412, N. H., 412-413, N. Y., 413, Penna., 413, Tenn., 413-414, Va., 414-415, Wis., 415.

RECONSTRUCTION FINANCE CORP.

law authorizing investment in issues of, 405.

RETENTION OF SECURITIES

model clause authorizing, received from settlors' estate, 378-379; statutory authorization of, 428-429.

SELF-DEALING

restricted in common trust fund laws, 434-436, under Fed. Res. Bd. rules, 448-449; check on, by bank examiners, 466, 467.

STOCKS

in portfolios of national banks, 345, of Massachusetts trust companies, 345, of 100 largest trust institutions, 345, of 196 selected trusts, 346-347; current interest in, for trust investment, 352-353; difficulties in, as hedge against inflation, 362; of trustee institution checked by bank examiners, 467.

SUCCESSOR TRUSTEES

model clauses governing investment powers of, 383-384.

SURCHARGE LIABILITY INSURANCE

reasons why needed, 470-471; lack of companies authorized to write, 471-472; scope of proposed contracts for, 472-474; institutions eligible for, 474; effect of, on trustees' practices, 474-475; reactions of public to, 475; not contrary to public policy, 475.

TAXATION

of income under "fixed-income" and similar types of trusts, 372-373; exemption of common trust funds from, as corporations, 430, 439-440, effect of errors in good faith on, 452.

TRUST INSTITUTIONS

lack of adequate data regarding, 339-340; number of, 340; capital of, 340; effect of lowered yields on income of, 350-351; potential control of enterprise by, 353-354; good investment record of, 354; organization and routine of, checked by bank examiners, 464-465; insurance protection of, against surcharge liability, 470-475.

TRUSTS

lack of adequate data regarding, 339-340; number of, 341; volume of property in, 341-343; concentration of, in large centers, 342.