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Declaration of Trust

By

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I. Introduction

ITEC Ltd one of the leading information technology companies in Rwanda. ITEC Ltd focuses on helping global organizations address their business challenges effectively. ITEC Ltd has highly skilled and dedicated IT professionals. We provide customized IT solutions for both Data Storage and business needs. ICT consultancy, software development, ICT service delivery and training are main scope of our core business entities but not only limited to those areas. ITEC Ltd also involved in IT infrastructure, Data center, Call center and other IT establishments.

By staying at the forefront of technology and applying it to our clients' needs, we not only help our clients to reach their objectives we also comfort the desires ITEC Ltd is recognized throughout the Data Storage institutions in Rwanda for providing easy Data Storage solutions with highest quality and lowest cost. Depending upon your needs, we find the right consultant, with the right experience to handle jobs ranging from entry-level programmers to senior project managers.

We also offer Online Application Systems, which are highly customizable rapid development tools for online application development and processing in OO-PHP, Ruby on Rails, .Net, Java, Typo3CMS, SQL server, Oracle, MySQL and PostgreSQL databases. Systems are optimized for swift development of in-depth personnel profiling and online application development and processing.

A **Declaration of Trust** is a legal document used to establish the terms and conditions of a trust arrangement. It details the intentions of the person creating the trust (the **settlor**) and specifies the roles, responsibilities, and benefits for the individuals or entities involved, typically known as the **trustees** and **beneficiaries**.

II. Key Elements of a Declaration of Trust

1. **Parties Involved:**
   - **Settlor**: The person who creates the trust and transfers assets into it. The settlor specifies the terms under which the trust operates.
   - **Trustees**: The individuals or institutions responsible for managing the trust and acting in the best interest of the beneficiaries. They are legally bound to administer the trust according to the terms set out in the declaration.
   - **Beneficiaries**: The individuals or groups who will benefit from the trust. They may receive assets, income, or other benefits from the trust.
2. **Trust Assets**: A list of the assets being placed into the trust, such as real estate, investments, bank accounts, or other personal property. The Declaration of Trust specifies how these assets will be managed and distributed.
3. **Terms of the Trust**:

- **Purpose**: The primary reason for the trust's creation. This can vary widely, including estate planning, asset protection, charitable giving, or family inheritance.
- **Trustee Powers**: Detailed instructions on the trustee's authority, such as the ability to sell or distribute assets, invest funds, or make decisions about how the trust is administered.
- **Distribution of Assets**: The declaration will clearly outline when and how assets should be distributed to beneficiaries. It could specify certain conditions or events, such as age milestones or a particular date.
- **Duration**: The document may state how long the trust will last (e.g., until a beneficiary reaches a certain age or for a specific period).

III. **Conditions and Restrictions**: There may be specific requirements for how the trust is managed, such as conditions under which the trustee can take certain actions or restrictions on how a beneficiary may use or inherit trust assets.

IV. **Appointment of Successor Trustees**: In the event that a trustee becomes incapacitated, deceased, or unwilling to serve, the declaration often designates a successor trustee who will take over the management of the trust.

V. **Revocability**:

a. **Revocable Trust**: The settlor can modify or revoke the trust at any time during their lifetime. This is common in estate planning for flexibility.

b. **Irrevocable Trust**: Once created, this trust cannot be modified or terminated without the consent of all beneficiaries. It often offers greater asset protection and tax benefits.

Common Types of Trusts and Their Uses:

1. **Living Trust (Inter Vivos Trust)**: Created during the lifetime of the settlor, this trust allows for the management and distribution of assets while the settlor is alive and often allows for a smoother transfer of assets after death, avoiding probate.
2. **Testamentary Trust**: Created as part of a will and only comes into effect after the settlor's death. The Declaration of Trust for such a trust is often included in the will.
3. **Family Trust**: A specific type of trust designed to benefit family members. Often used for asset protection, estate planning, and tax efficiency.
4. **Charitable Trust**: Established for charitable purposes, with assets being distributed to a charity or group of charities according to the trust’s terms.

5. **Trust for Minor Beneficiaries**: A trust established to manage assets on behalf of minors until they reach a certain age or maturity level.
6. **Asset Protection Trust**: A trust designed to protect assets from creditors, lawsuits, or divorce proceedings by transferring ownership of assets to the trust.

Importance of the Declaration of Trust:

- **Clarity and Legal Certainty**: By clearly stating the intentions of the settlor and defining the roles of trustees and beneficiaries, a Declaration of Trust provides legal clarity. It reduces disputes and ambiguities regarding the trust's administration.
- **Asset Protection**: A well-structured trust can provide protection from creditors or legal claims, particularly in the case of irrevocable trusts.
- **Estate Planning**: For individuals with complex estates, a Declaration of Trust is an essential tool to ensure assets are distributed according to their wishes and can help avoid lengthy probate processes.
- **Tax Benefits**: Trusts can offer significant tax advantages, such as reducing estate taxes or deferring taxes on income generated by trust assets.

Examples of When a Declaration of Trust is Used:

- **Joint Property Ownership**: In situations where two or more people jointly own a property, a Declaration of Trust can be used to specify the share each person owns, as well as the distribution of proceeds in case the property is sold or if one of the owners passes away.
- **Business Ownership**: A Declaration of Trust may be used in a business setting to specify how shares, assets, and responsibilities are to be divided among business partners or heirs.
- **Estate Planning**: Individuals may create a Declaration of Trust as part of their estate plan to ensure their assets are managed and distributed according to their wishes after their death.

VI. Conclusion:

A Declaration of Trust is a powerful legal instrument that helps define and formalize the management and distribution of assets within a trust. By specifying the terms, responsibilities, and expectations, it provides clear guidance to trustees and beneficiaries, reduces the potential for conflict, and ensures that the settlor's intentions are fulfilled. Whether for personal estate planning, asset protection, or charitable purposes, having a clear and legally binding Declaration of Trust is essential for proper trust administration.