



THE TUNICA-BILOXI TRIBE OF LOUISIANA

MINORS TRUST

PROGRAM GUIDELINES



PROVIDENCE FIRST
TRUST COMPANY

INTRODUCTION

The Tunica-Biloxi Tribe of Louisiana (or “Tribe”) receives revenue from its gaming operations. The Tribal Council adopted a resolution for a Revenue Distribution Plan, directing a portion of gaming operation revenue to be made to all eligible tribal members as per capita payments. The Indian Gaming Regulatory Act (“IGRA”) states that the purpose of these per capita payments is to advance the personal health, education, and welfare of tribal members. Per capita payments are not paid directly to minors. Instead, such per capita payments are paid into a trust which is held for the benefit of the minors. To safeguard the children’s money, the Tribal Council approved the Irrevocable Inter Vivos Trusts for the Benefit of the Minors of the Tunica-Biloxi Indians of Louisiana (the “Trust”), as amended, in 2004.

In January 2016, the Tribe appointed Providence First Trust Company (“PFTC”) to act as Primary Trust Advisor, and for Morgan Stanley to act as investment manager for the assets of the Trust. This brochure provides an overview of the administration of your children’s trusts.

TRUST BASICS

In this trust agreement, there are four parties:

- ✦ The grantor or trustor is the party who creates the trust and places the assets or money into the trust. The Tunica-Biloxi Tribe of Louisiana is the grantor.
- ✦ The primary trust advisor protects, distributes, and administers the assets for the benefit of the beneficiaries under the terms of the trust agreement. Providence First Trust Company is the primary trust advisor.
- ✦ The investment manager invests the trust assets according to the trust agreement and investment policy so that the assets grow. Morgan Stanley is the investment manager.
- ✦ The beneficiaries are the individuals for whom the assets are held until they reach certain criteria established by the trust. When these criteria are met, the beneficiaries may receive their trust share. You are the beneficiary (eligible minor tribal members).

WHEN IS A CHILD’S TRUST DISTRIBUTED?

According to the Master Trust Document, a beneficiary’s trust funds are distributed when they reach age 21. Valuing education is of utmost concern to the Tribe. Therefore, in order to incentivize the importance of education, a beneficiary may receive his or her trust funds earlier if he or she obtains a high school diploma or G.E.D. in the following amounts at the following ages

- At age 18, the lesser of \$5,000 or 5% of the trust balance
- At age 19, the lesser of \$5,000 or 5% of the trust balance
- At age 20, the lesser of \$5,000 or 5% of the trust balance
- At age 21, 100% of the remaining trust balance.

In order to receive the final distribution at Age 21, the beneficiary must complete a course on financial literacy.

At these ages, you will need to fill out an “[Adult Payment Form](#)” to request an annual payment and to select the method by which you wish to receive the payment (e.g., by check or by direct deposit). Also, to prevent fraud, you will need to attach a copy of your CDIB card or Driver’s License, and your address must match the address on file with the Tribe’s Enrollment

Department.

When you receive your trust funds at ages 18 through 21, if you are interested in continuing to have your funds invested, you may contact PFTC to discuss different investment account options and you can receive assistance in opening your own personal investment account with your own investment objective.

EARLY DISCRETIONARY DISTRIBUTIONS

Money in your child's trust is not intended to be used to cover household expenses that are the legal responsibility of a child's parent(s) or guardian(s). Money deposited in your child's trust should only be used for extraordinary expenses that promote the health, education, or welfare of your child. Requests for early distribution of money in your child's trust are only available after you have exhausted all other resources. This includes any money available from insurance policies or the federal, state, or local government(s). Also, this includes the assistance programs offered by the Tribe. Before you request money from your child's trust, you must contact the applicable tribal department to seek other resources.

These early distributions are approved when there is both (1) a need for the trust funds after other resources have been exhausted and (2) a qualified use of the trust funds. The qualified uses for Early Distributions are for three categories: Health, Education and Welfare.

Health Distributions (no dollar limit after health insurance, IHS, and any other state or tribal resource Department has been exhausted)

- ✦ All routine treatment as well as emergency treatments
- ✦ Braces, dental
- ✦ Vision, glasses
- ✦ Counseling, psychologist
- ✦ NOT QUALIFIED USES: purely cosmetic procedures

Education Distributions

- ✦ Postsecondary Education: College or trade school tuition, books (no dollar limit)
- ✦ Kindergarten—12th grade: Private tuition (limit of ½ trust value)
- ✦ Tutoring (\$2,000 year/limit)
- ✦ Educational supplies (\$500/year limit)
- ✦ Lessons for music or sports or other talent building, or other school-related camps/trips (\$3,000/year limit)
- ✦ Computers (including warranty, printer, ink): maximum amount of \$1,500, child must be 4th grade or older, only available once every five years, only one computer per household at a time
- ✦ NOT QUALIFIED USES: equipment (sporting or musical instruments), day-care,
- ✦ trips/vacations, computer parts/software related to games/entertainment.

Welfare Distributions

- ✦ Clothing (\$500/year limit), available based on the calendar year
- ✦ Vehicle – The trust can only make a distribution for a vehicle one-time for up to \$15,000 for the purchase or repair of a vehicle. On some occasions when the trust balance is larger, the distribution will be allowed up to \$25,000. In order to qualify, you must first obtain a High School Diploma (or equivalent) AND at least be enrolled as a part-time student (6 credit hours) or be

employed part-time (20 hours/week). This distribution can include the insurance, tax, registration, etc. for the first year not to exceed the limits already stated.

- ✦ House down payment – The trust can make a one-time distribution of up to 1/2 of the trust value towards a home purchase – after High School Diploma and completing a personal finance class.
- ✦ Rent (if enrolled as full-time college/trade school student) – The trust can cover up to \$750/month of rent where the beneficiary is over 18 years of age and is a responsible party on the lease/mortgage.
- ✦ Rent (if no school enrollment) – The trust can cover up to \$750 for one month of rent or mortgage per year where the beneficiary is over 18 years of age and is a responsible party on the lease/mortgage.
- ✦ Taxes – The trust can pay for federal or state personal income taxes that are incurred because of the trust, which may result from interest, gains, dividends, contributions, or distributions from the trust.

Minimum Account Balance

- ✦ The Trust must maintain a balance of at least \$5,000 for any Education or Welfare Distributions
- ✦ The Trust does not have a minimum balance requirement for Health Distributions
- ✦ The minimum trust balance requirement is only in effect while the child is under Age 18

Maximum Lifetime Distribution

- ✦ Education and Welfare Distributions have a maximum lifetime distribution limit of \$10,000 while the child is under Age 18
- ✦ Health Distributions do not have a maximum lifetime distribution limit
- ✦ The maximum lifetime distribution limit only applies while the child is under Age 18

HOW TO REQUEST EARLY DISCRETIONARY DISTRIBUTIONS FROM THE TRUST

For security purposes, we require that all requests for distributions be in writing and signed by the parent/guardian, or signed by the beneficiary when he or she is over the age of eighteen (18), and include all required supporting documentation.

For Early Discretionary Distributions, you will need to fill out the “Early Discretionary Distribution Request Form,” which has several parts for you to complete:

- ✦ General Information – Name and contact information. To prevent fraud, your address must match the address on file with the Tribe’s Enrollment Department. You must also include your CDIB card or Driver’s License.
- ✦ Distribution Information – Requested purpose or use of trust funds. Please indicate the requested purpose and amount. You can include a description and should include any invoice or documentation of such requested purpose.
- ✦ Lack of Other Resources – Indicate other resources that have already been used. Other resources, whether it is insurance or government programs, should be used before withdrawing trust funds.
- ✦ Affirmation and Signature – For children under age 18, the parent must sign the form. When a child reaches age 18, they must sign the form themselves.

Please ensure that your address and other enrollment data match the information on file with the Tribe’s Enrollment Department. As a safeguard to protect your trust funds, we only send distribution checks to the parent, guardian, or beneficiary (if over age 18) with addresses that match the records on file with the Enrollment Department.

HOW IS THE DECISION MADE?

The Tribe, acting as Trustee, legally has the discretion to review the early requests and grant an approval or denial, based on whether it is a qualified use and there is a sufficient need. The Trustee consults with PFTC, acting as the Primary Trust Advisor, on trust distributions.

PROCESSING SCHEDULE

Early distributions will be processed once per week. Completed applications that are received by the end of the day on Monday will, if approved, have payment sent on Thursday.

HOW DISTRIBUTIONS ARE MADE AND RECEIPTS REQUIREMENT

Early discretionary distributions will be made directly to the service providers (i.e., orthodontist, school) whenever possible. Otherwise, distributions will be made with a check sent to the applicant’s address on record with the Enrollment Department. For this reason, if you move, you need to change your address with the Enrollment Department. **Whenever distributions are made directly to the parent or guardian, invoices and/or receipts are required to show proper use of trust funds before any further trust funds are distributed.**

INVESTMENTS OF THE TRUST

Your children’s Trusts are invested prudently to achieve steady long-term growth. Morgan Stanley understands the unique investment objectives that Native American children’s trusts should have. Morgan Stanley does not try to fit these trusts into a pre-established model, but creates a customized investment policy for each trust.

The Trust will be invested with an overall conservative approach in age-based portfolios so that younger children are invested to obtain long-term growth (because they will not be withdrawing their funds for many years) and older children are invested to preserve their balances (because they will be withdrawing their funds sooner).

Your trust fund or your child's trust funds will be invested with their age group by investment objective up to one time every twelve months.

These Investment Ranges are intentionally broad to allow for flexibility of market conditions, and the Actual amount will vary over time, but the below figures are based on investments at the beginning of 2017.

- ✦ Age-Based Fund: **"Preservation" - 16+ years old**
 - Equities Range: 0-10%; Target: 7%
 - Bonds Range: 0-90% Target: 83%
 - Cash Range: 10-100% Target: 10%
- ✦ Age-Based Fund: **"Conservative" - 10 to 16 years old**
 - Equities Range: 0-30% Target: 21%
 - Bonds Range: 0-85% Target: 74%
 - Cash Range: 5-100% Target: 5%
- ✦ Age-Based Fund: **"Moderate" - 0 to 10 years old**
 - Equities Range: 0-60% Target: 42%
 - Bonds Range: 0-75% Target: 53%
 - Cash Range: 5-100% Target: 5%

TAXES

Per capita payments from the Tribe to its members are subject to federal income taxation. This also applies to per capita payments to minors. The Trust was structured in a way that the per capita payments were taxed at the time that the funds went into the Trust, so there will not be any taxes incurred at the time when there are adult or early discretionary distributions except for earnings in the given year as long as taxes have been filed annually prior to closure at age 21 with the IRS.

Be aware that there will be a tax liability each year on the interest, gains, and dividends earned by the Trust. Each year you will receive a tax document from PFTC with taxable income that needs to be reported on your child's income tax return. This taxable income will be reported on a Schedule K-1. The Schedule K-1 is used since each child is a beneficiary of a trust. The manner of reporting taxable income on the Schedule K-1 will be concise and should make for simple preparation of tax returns.

It is strongly recommended that a tax form be filed annually even if there are no taxes owed on the trust for the given year to avoid any confusion on the part of the IRS at the time of the Trust Closure. This ensures a record of filings that helps defend any claim against the trust by the IRS for past due taxes.

DEATH

If a child dies while he or she still has a Trust account, the account will be distributed based on the rules and regulations adopted by the Tribal Council regarding succession and intestacy laws as set forth in the most current version of the Tribe's Master Trust Document.

TRUST STATEMENTS

Providence First Trust Company will mail individual statements to each child who has a trust balance each calendar quarter in April, July, October, and January. These statements will

clearly show your trust balance and transactions in your trust during the preceding three months, and there will be included articles regarding trust information and financial education. Statements will be mailed to the address on file with the Tribe's Enrollment Department, so please make sure you keep your address updated with the Tribe.

CONFIDENTIALITY

We consider each account confidential and have numerous safeguards to ensure all personal information is kept secure. We do not release this information to anyone but you, as the parent/guardian, and tribal and other government entities as needed. When your child reaches the age of 18, he or she is considered an adult, and we will only be able to interact with them directly unless they authorize us to interact with a parent also. To ensure confidentiality and security through telephone conversations, we will ask a few security questions when you call us to discuss your child's trust account. We will ask you to verify information such as your child's tribal enrollment number, date of birth and/or address. All of your child's confidential and personal information that we receive is kept in a secure location – both electronically and physically.

BACKGROUND ON THE PRIMARY TRUST ADVISOR & INVESTMENT MANAGER

Providence First Trust Company is an independent trust company that specializes in Native American per capita trusts. The firm is a recognized market leader, currently administering 20 other similar Native American per capita trusts with approximately \$1 billion in assets. PFTC customizes its services to fit the needs and circumstances of these Native American communities and their 25,000 beneficiaries and families. Company officers are trained in the specific laws and tax regulations pertaining to these trusts, and their database is specifically built for the enrollment and accounting data of these trusts. When you call Providence, you will speak directly to staff who work exclusively with Native American parents and children. Company offices are located in Indian Country, on the reservation of the Salt River Pima-Maricopa Indian Community in Scottsdale, Arizona.

The Native American Investment Services Group (NAISG) at Morgan Stanley is a dedicated institutional investment advisor and manager to Native America with more than 30 Native American tribal relationships representing approximately \$1 billion in assets. Morgan Stanley is one of the world's largest and most respected investment management firms with 80 years of experience and a total of \$2 trillion in client assets. This group brings Morgan Stanley's top-ranked institutional managed account programs to the Trust.

HOW DO I OBTAIN MORE INFORMATION?

The Tribe has a Minors' Trust Department that handles any inquiries and accepts all applications for distributions. Copies of this pamphlet and application forms are available at the Tribe's Minors' Trust Department.

To contact the Tribe's Minors' Trust Department:

**Brenda W. Lintinger, Director
Minors' Trust Program
Cultural & Education Resources Center
150 Melacon Road
Marksville, LA 71351**

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