

TRUSTMARK CORP
Form 11-K
June 29, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission File Number 0-3683

Full title of the plan and the address of the plan, if different from that of the issuer named below:

Trustmark 401(k) Plan

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Trustmark Corporation
248 E. Capitol Street
Jackson, Mississippi 39201

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TRUSTMARK 401(k) PLAN

Financial Statements and Schedule

December 31, 2005 and 2004

(Report of Independent Registered Public Accounting Firm Thereon)

TRUSTMARK 401(k) PLAN

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All other schedules are omitted because there is no information to report.

Report of Independent Registered Public Accounting Firm

The Plan Administrator

Trustmark 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of Trustmark 401(k) Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2005 financial statements taken as a whole.

/s/ KPMG LLP

Jackson, Mississippi

June 23, 2006

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TRUSTMARK 401(k) PLAN
 Statements of Net Assets Available for Benefits
 December 31, 2005 and 2004

	2005	2004
Investments, at fair value:		
Money market accounts	\$ 18,510,592	\$ 16,972,820
Fixed income mutual funds	5,646,051	4,818,765
Common stock of Trustmark Corporation	47,344,435	56,205,226
Equity mutual funds	61,573,347	45,796,548
Total investments	133,074,425	123,793,359
Receivables:		
Employer contributions	204,431	172,635
Participant contributions	211,604	196,834
Rollover contributions	41,603	—
Total receivables	457,638	369,469
Net assets available for benefits	\$ 133,532,063	\$ 124,162,828

See accompanying notes to financial statements.

TRUSTMARK 401(k) PLAN
 Statements of Changes in Net Assets Available for Benefits
 Years ended December 31, 2005 and 2004

	2005	2004
Contributions:		
Employer	\$ 3,484,912	\$ 2,966,908
Participant	6,386,364	6,192,908
Other	437,301	264,914
Total contributions	10,308,577	9,424,730
Net investment income:		
Net appreciation (depreciation) in fair value of investments	(2,902,306)	6,230,651
Interest and dividends	4,102,343	4,748,325
Net investment income	1,200,037	10,978,976
Benefits paid to participants	(7,765,634)	(6,378,715)
Net assets received from merged plans	5,890,821	—
Administrative fees	(264,566)	(125,545)
Net increase in net assets available for benefits	9,369,235	13,899,446
Net assets available for benefits:		
Beginning of year	124,162,828	110,263,382
End of year	\$ 133,532,063	\$ 124,162,828

See accompanying notes to financial statements.

TRUSTMARK 401(k) PLAN

Notes to Financial Statements

December 31, 2005 and 2004

(1) Plan Description

The following description of Trustmark 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan established for the associates of Trustmark Corporation (the Company) and certain other associated companies. The plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

(b) Eligibility

Effective January 1, 2004, the Plan was amended to provide eligibility for participation in elective deferrals by employees on the first day of the month after thirty days of employment. Prior to 2004, the Plan provided eligibility for participation on the first day of the month following the completion of at least 1,000 hours of service during the twelve-month period ending on the anniversary of a person's employment commencement date.

(c) Plan Administration

Nationwide Life Insurance Company and Nationwide Trust Company serve as custodian of the Plan's assets. The plan administrator and sponsor is Trustmark Corporation, parent company of Trustmark National Bank. The plan's trustee functions are handled by Trustmark National Bank.

(d) Participant Contributions

The Plan allows participants to make voluntary before-tax salary deferral contributions, through payroll deductions, to separately invested funds in accordance with Section 401(k) of the Internal Revenue Code. If certain requirements of Internal Revenue Code Section 401(k) are not met in Plan operation, the salary deferral agreements of participants may, on a nondiscriminatory and uniform basis, be amended or revoked to preserve the qualified status of the Plan. Voluntary after-tax contributions by participants are not allowed.

Participants may elect to contribute up to 25% of eligible compensation each period, subject to regulatory limitations. Any excess contributions must be returned to the applicable participant by April 15 of the calendar year following the year of excess contributions. The Plan allows for rollover contributions from individual retirement accounts, IRC Section 457(b) plans or other qualified plans.

TRUSTMARK 401(k) PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Provisions of the Plan allow participants who were age 50 years or older by the end of the calendar year to make catch-up contributions to the Plan. Catch-up contributions represent associate compensation deferrals in excess of certain plan limits and statutory limits, including IRS annual deferral limits. The IRS annual deferral limits and annual catch-up contribution limits are indicated in the following schedule:

Calendar year	Deferral limit	Catch-up contribution limit
2004	\$ 13,000	\$ 3,000
2005	14,000	4,000
2006	15,000	5,000
Thereafter	Indexed in \$500 increments	Indexed in \$500 increments

(e) Employer Contributions

Eligible participant contributions are matched by the employer at a rate of 100% of the first 3% and 50% of the next 3% of covered compensation. The employer may also make discretionary contributions.

(f) Investment Options

Participants may direct investment of their account balance among several investment options.

(g) Vesting

Participants are immediately vested in their voluntary contributions, employer contributions made on their behalf, and the investment earnings and losses thereon.

(h) Payment of Benefits

On retirement, death, disability, or termination of service, a participant may elect to receive a lump-sum distribution equal to his or her account balance or in installments. In addition, hardship distributions are permitted if certain criteria are met.

(i) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. However, no such action may deprive any participant or beneficiary under the Plan of any vested benefit.

TRUSTMARK 401(k) PLAN

Notes to Financial Statements

December 31, 2005 and 2004

(2) Significant Accounting Policies

(a) Basis of Presentation

The Plan's financial statements are prepared using the accrual basis of accounting, with the exception of the payment of benefits, which are recognized as a reduction in the net assets available for benefits of the Plan as they are disbursed to participants. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Valuation of Investments

Investments are stated at fair value. The fair value of mutual funds and other securities traded on a national securities exchange are valued at the closing quoted market price on the last business day of the year.

(d) Net Appreciation (Depreciation) in Fair Value of Investments

Net appreciation (depreciation) in fair value of investments, as recorded in the accompanying statement of changes in net assets available for benefits, includes changes in the fair value of investments acquired, sold, or held during the year.

(e) Administrative Fees

Administrative fees are paid by the Plan. All other fees, including professional fees, are paid by the Company.

(f) Risks and Uncertainties

The Plan's investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

TRUSTMARK 401(k) PLAN
Notes to Financial Statements
December 31, 2005 and 2004

(3) Investments

The fair value of individual investments that represent 5% or more of the Plan's net assets as of December 31, 2005, and 2004, are as follows:

	December 31,	
	2005	2004
Investments at fair value as determined by quoted market price:		
Common stock of Trustmark Corporation	\$ 47,344,435	\$ 56,205,226
Performance Funds Trust Mutual Funds:		
Large-Cap Equity Fund	9,934,188	7,872,865
Mid-Cap Equity Fund	11,503,796	8,500,519
Investments at cost, which approximates fair value:		
Federated Capital Preservation Fund	15,817,992	14,296,460

During 2005 and 2004, the Plan's investments (including investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	December 31,	
	2005	2004
Investments at fair value as determined by quoted market price:		
Common stock of Trustmark Corporation	\$ (7,770,850)	\$ 3,331,570
Mutual funds	4,868,544	2,899,081
Net appreciation (depreciation) in fair value of investments	\$ (2,902,306)	\$ 6,230,651

The Plan provides participants the opportunity to annually elect whether cash dividends paid on employer stock will be invested in shares of employer stock within the individual participant's account or be paid to the participant in cash.

(4) Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated November 19, 2001, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(5) Related Parties

Trustmark National Bank serves as the investment advisor for the Performance Funds Trust Mutual Funds. For the years ended December 31, 2005 and 2004, dividends of \$1,448,315 and \$1,418,868 were received by the Plan from the Company.

(6) Contingencies

The Company and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of the lawsuits assert claims related to various business activities; and some of the lawsuits allege substantial claims for damages. The cases are being vigorously contested. In the regular course of business, management evaluates estimated losses or costs related to litigation, and provision is made for anticipated losses whenever management believes that such losses are probable and can be reasonably estimated. At the present time, management believes, based on the advice of legal counsel, that the final resolution of pending legal proceedings will not have a material impact on the Company or the Plan's consolidated financial statements.

(7) Mergers With Other Plans

On March 1, 2005, assets totaling \$5,403,429 from the Dan Bottrell Agency, Inc. Profit Sharing 401(k) Plan and Trust, the sponsor of which is a subsidiary of Trustmark National Bank, were merged into the Plan.

On December 19, 2005, assets totaling \$134,748 and \$352,644 from the Barret Bancorp 401(k) Plan and Somerville Bank & Trust Company 401(k) Plan, respectively, were merged into the Plan. The sponsors of these plans are subsidiaries of Trustmark National Bank.

TRUSTMARK**401(k) PLAN**

Plan Sponsor:

Trustmark
Corporation

Plan Sponsor:

EIN

64-0471500

Plan Number:

002

Schedule H,

Line 4i –

Schedule of

Assets (Held at

End of Year)

December 31,

2005

Identity of issuer	Description	Current value
Money market account:		
Federated	Capital Preservation Fund	\$ 15,817,992
Alliance Bernstein	Institutional Money Market Fund	1,358,315
Gartmore	Money Market Institutional Fund	1,333,706
Gartmore	Money Market Security Fund	579
Fixed income mutual funds:		
* Performance Funds		
Trust	Short Term Government Income Fund	1,784,929
* Performance Funds		
Trust	Intermediate Term Government Income Fund	2,110,053
Dreyfus	GNMA Fund	445,982
PIMCO	Total Return Fund	1,305,087
Common stock fund:		
* Trustmark Corporation	Common Stock Fund	47,344,435
Equity mutual funds:		
* Performance Funds		
Trust	Leader's Equity Fund	1,258,987
* Performance Funds		
Trust	Large-Cap Equity Fund	9,934,188
* Performance Funds		
Trust	Mid-Cap Equity Fund	11,503,796
AIM	Dynamics Fund	183,153
Dreyfus	Mid-Cap Value Fund	4,215,512
Franklin	Balance Sheet Investment Fund	3,923,351
Franklin	Mutual Discovery Fund	3,213,156
Gartmore	Investor Destinations Aggressive Services Fund	1,277,161
Gartmore		275,370

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	Investor Destinations Conservative Services Fund	
Gartmore	Investor Destinations Moderate Services Fund	824,560
Gartmore	Investor Destinations Moderately Aggressive Services Fund	1,584,088
Gartmore	Investor Destinations Moderately Conservative Services Fund	312,205
Goldman Sachs	CORE Small Cap Equity Fund	4,127,049
Goldman Sachs	Growth Opportunity Fund	164,294
JP Morgan	Mid-Cap Value A Fund	1,206,107
Neuberger	High Income Bond Fund	191,735
Neuberger	Neuberger Berman Genesis Trust	5,284,564
Oppenheimer	Global Fund	2,012,879
Van Kampen	Equity & Income Fund	5,653,857
Van Kampen	Emerging Growth Fund	1,099,657
T. Rowe Price	Preferred Growth Stock Fund	561,280
Templeton	Foreign Fund	2,766,398
		\$ 133,074,425

* Denotes party-in-interest based on the following relationship:

Trustmark National Bank serves as investment advisor for Performance Funds Trust; Trustmark Corporation is the parent company of Trustmark National Bank.

See accompanying Report of Independent Registered Public Accounting Firm.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

Trustmark 401(k) Plan
Trustmark Corporation, Plan Administrator

/s/ Louis E. Greer

Louis E. Greer
Chief Accounting Officer

June 28, 2006