

## Committee on Judiciary

### **HB 895 — Trustee Settlement and Discharge**

by Reps. Hodgers, Fabricio, and others (CS/SB 786 by Judiciary Committee and Senator Berman)

The bill amends the Trust Code and creates a procedure for a trustee to discharge his or her trust responsibilities without court approval. Under current law, a trustee must receive court approval to discharge his or her trustee responsibilities. Obtaining court approval can consume a considerable amount of time and deplete a significant amount of the trust's financial resources.

This new procedure applies only to irrevocable trusts and does not displace other discharge procedures in statute. If a beneficiary objects to the summary discharge of the trustee, the trustee must follow the current statutory discharge procedure.

To initiate the procedure, the trustee must provide trust beneficiaries, and potentially others, with:

- Disclosures relating to the trust assets, including a plan of distribution;
- Contact information for the trustee;
- A statement that the trust has terminated or that the trustee has resigned or has been removed; and
- A notice that claims against the trustee will be barred unless a beneficiary submits a written objection to the trustee within 60 days.

If the trustee does not receive a timely objection, the trustee is discharged upon completion of all distributions or transfers in accordance with the plan of distribution. Once discharged from the responsibilities of administering the trust, he or she is protected against future legal claims related to his or her actions while serving as a trustee.

The bill applies to trusts that are currently irrevocable and trusts that become irrevocable after the bill becomes effective.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect upon becoming law.

*Vote: Senate 37-0; House 110-0*