**Bill No.:** HB0146 **Effective:** 7/1/2015

**LSO No.:** 15LSO-0187

**Enrolled Act No.:** HEA 59

**Chapter No.:** 88

**Prime Sponsor:** Brown

**Catch Title:** Uniform Trust Code.

**Subject:** Uniform Trust Code amendments

**Summary/Major Elements:**

- The bill amends provisions of the Uniform Trust Code as follows:
  - If a trust allows for the trustee to make discretionary distributions to a beneficiary, the bill clarifies that no property interest is created in the beneficiary.
  - Regarding creditor's claims against the settlor of a trust, the bill provides a creditor's claims are limited if:
    - The transfer was not in violation of the Uniform Fraudulent Transfers Act;
    - At least one trustee of the irrevocable trust is a qualified trustee; and
    - The trustee with authority to make distributions to the settlor is not a trust beneficiary, related to the settlor or subordinate to the settlor.
  - The specific powers of a trustee were expanded so a trustee may:
    - Make a distribution of trust income to or for the benefit of a beneficiary or pay trust expenses from a trust with two or more subtrusts or shares for the beneficiary from any subtrust or share requiring or permitting income distributions to the beneficiary;
    - Separate a trust for the benefit of more than one beneficiary into separate trusts or shares unless the trust instrument requires the trust property to be held in a single trust;
    - Exercise elections with respect to federal, state and local taxes;
    - Decide each trust taxable year whether principal distributions made from a trust to a beneficiary include net realized capital gains and losses.
  - A trustee's power to make discretionary distributions to a beneficiary is limited from being exercised in any manner that would prevent qualification for a federal estate or gift tax marital deduction, federal estate or gift tax charitable deduction, or other federal income, estate, gift or generation-skipping transfer tax benefit claimed for the trust from which the distribution in further trust is made.
  - The bill provides protection against liability for a trustee who consents to a modification or termination of a trust in good faith.