

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB3962
Version:	CCS
Request Number:	11103
Author:	Rep. Echols
Date:	5/21/2024
Impact:	Please see previous summary of this measure

Research Analysis

The conference committee substitute for HB3962 creates the Oklahoma Uniform Directed Trust Act of 2024 and the Oklahoma Qualified Disposition into Trust Act.

The Oklahoma Uniform Directed Trust Act of 2024 establishes a framework to govern directed trusts to allow specified powers and duties to be allocated to the following directing parties in a trust instrument: investment trust advisor, distribution trust advisor or trust protector. These individual may be granted the same rights and privileges available to a trustee, are a fiduciary of the trust, and is subject to the same duties, standards and liabilities of a trustee unless the governing documents state otherwise. The measure also outlines the requirements for notifying beneficiaries of the existence of a trust, the qualification to be a trust advisor or protector and terms for qualified dispositions into a trust. An investment trust advisor or distribution trust advisor is someone that acts with regard to investment decisions or discretionary distributions of income or and principal, respectively. The trust protector is someone that may take direct actions involving the trust such as amending the trust, changing the interests of a beneficiary, reviewing and replacing trustees or advisors or terminating the trust.

The Oklahoma Qualified Disposition into Trust Act establishes a framework to allow for the creation of irrevocable trusts whose assets cannot be reached by creditors if the trust meets a set of specified criteria. When properly adhered to, this protection applies to qualified dispositions valued at up to \$10 million.

The measure also authorizes trustees to use trust assets to pay attorneys, accountants, agents and brokers any reasonable compensation and costs necessary in the administration of a trust estate and clarifies that the creation of an attorney-client relationship between an attorney and a person serving as a fiduciary does not impose upon the attorney any duties or obligations to other persons interested in the estate, trust estate, or other fiduciary property, even though fiduciary funds may be used to compensate the attorney for legal services rendered to the fiduciary. In addition, the measure provides that any trust created using the laws of this state may have a perpetual duration if a timing provision or limit is not stated in the trust document and modifies the procedures for judicial proceedings that involve a breach of trust.

Prepared By: Quyen Do

Fiscal Analysis

The measure is currently under review and impact information will be completed.

Prepared By: House Fiscal Staff

Other Considerations

None.

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