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SENATE BILL NO. 63

Offered January 10, 2024

Prefiled December 27, 2023

A BILL to amend and reenact § 64.2-732 of the Code of Virginia, relating to termination of trust; notice requirements.

Patron—McDougle

Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:**1. That § 64.2-732 of the Code of Virginia is amended and reenacted as follows:****§ 64.2-732. Modification or termination of uneconomic trust.**

A. After notice to the qualified beneficiaries *and any cotrustees*, the trustee of a trust consisting of trust property having a total value less than \$100,000 may terminate the trust if the trustee concludes that the value of the trust property is insufficient to justify the cost of administration. *Such trustee may terminate such trust without an order from the court subject to the following provisions:*

1. *Notice to the qualified beneficiaries and cotrustees shall be sent to the last known address of each qualified beneficiary and cotrustee and shall be either delivered by hand or sent by certified mail with prepaid postage included, return receipt requested;*

2. *Notice shall contain (i) the name of the trust, (ii) the name of the person who created the trust, (iii) the date on which the trust was established, (iv) the name and mailing address of the trustee seeking to terminate the trust, (v) the name of any cotrustee, (vi) a statement that the effective date of the termination shall be at least 90 days after the date on which notice was sent to each qualified beneficiary and cotrustee, (vii) a statement of the reasons for the termination of the trust, (viii) the approximate amount and the manner of calculation of each distribution of the trust assets, and (ix) a statement of the right of any qualified beneficiary or cotrustee to object to the termination of the trust;*

3. *A qualified beneficiary or cotrustee who receives notice of termination pursuant to this section and objects to such termination shall send within 60 days of receipt of the notice of termination of the trust written notice of the objection to the trustee seeking to terminate the trust. Such written objection shall be either delivered by hand or sent by certified mail with prepaid postage included, return receipt requested; and*

4. *If a qualified beneficiary or cotrustee timely objects in accordance with the provisions of subdivision 3, the trust may not be terminated by the trustee unless such objection is withdrawn in writing by the objecting party. If no qualified beneficiary or cotrustee timely objects, the trust shall be terminated and the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.*

~~The~~ *In any case where the provisions of subsection A have not been complied with or do not apply, the court may modify or terminate a trust or remove the trustee and appoint a different trustee if it determines that the value of the trust property is insufficient to justify the cost of administration.*

C. *Upon termination of a trust under this section, the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.*

D. *This section does not apply to an easement for conservation or preservation.*

E. *All expenses incurred by the trustee incident to the termination of a trust under this section shall be paid by the trust estate.*

INTRODUCED

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