

CBA-Sponsored Legislation

Senate Bill 1127 (Niello): Termination of Small Trusts

Highlights

- *Senate Bill 1127 (Niello) increases the amount where the trustee may terminate a trust without a court order from \$50,000 to \$100,000 or less.*
- *Establishes a mechanism where the statutory threshold is adjusted based on the consumer price index every three years.*
- *This amendment helps preserve the principal balance of the trust, thereby avoiding additional fees and expenses associated with trust administration and costs associated with a court termination.*

Existing Law, California Probate Code Section 15408, establishes how a trustee or beneficiary may terminate a trust when the fair market value of the principal of the trust is too low in relation to the cost of the trust's administration. Existing Section 15408 authorizes the trustee or beneficiary to petition the court for the termination or modification of the trust, or the appointment of a new trustee. Existing Section 15408 also allows the trustee to terminate the trust without a court order when the principal has a value of \$50,000 or less.

SB 1127 (Niello) increases the amount where the trustee may terminate a trust without a court order from \$50,000 to \$100,000 or less and establishes a mechanism where the statutory threshold is adjusted based on the consumer price index every three years. Such an amendment helps preserve the principal balance of the trust, thereby avoiding additional fees and expenses associated with trust administration and costs associated with a court termination.

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