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1 representation might be inadequate. A representative or guardian ad litem may be  
2 appointed to represent several persons or interests.

3 (2) A representative or guardian ad litem may act on behalf of the individual  
4 represented with respect to any matter arising under this chapter, whether or not  
5 a judicial proceeding concerning the trust is pending.

6 (3) In making decisions, a representative or guardian ad litem may consider  
7 any general benefit accruing to the living members of the individual's family.

8 **SECTION 73.** 701.04 of the statutes is repealed.

9 **SECTION 74.** Subchapter IV (title) of chapter 701 [precedes 701.0401] of the  
10 statutes is created to read:

11 **CHAPTER 701**

12 **SUBCHAPTER IV**

13 **CREATION, VALIDITY,**

14 **MODIFICATION, AND TERMINATION**

15 **OF TRUST**

16 **SECTION 75.** 701.0401 of the statutes is created to read:

17 **701.0401 Methods of creating a trust.** A trust may be created by any of the  
18 following:

19 (1) A transfer of property to another person as trustee during the settlor's  
20 lifetime, by will, or by other disposition taking effect upon the settlor's death.

21 (2) A declaration by an owner of property that the owner holds identifiable  
22 property as trustee or declaration by any person who intends to create a trust with  
23 the expectation that property of the person or others will be transferred to the trust.

24 (3) An exercise of a power of appointment in favor of a trustee.

25 (4) A court pursuant to its statutory or equitable powers.

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1           (5) A guardian of the estate or conservator acting with authority of the court,  
2 a representative payee, or an agent under a power of attorney that expressly grants  
3 authority to create the trust.

4           (6) Any other manner authorized by statute, regulation, common law, or other  
5 provision having the effect of law.

6           **SECTION 76.** 701.0402 of the statutes is created to read:

7           **701.0402 Requirements for creation.** (1) A trust is created only if all of the  
8 following are satisfied:

9           (a) The settlor of the trust has capacity, as defined in sub. (4), to create the trust,  
10 unless the trust is created by court order or by an agent, guardian of the estate,  
11 conservator, or representative payee with authority to act.

12           (b) The settlor indicates an intention to create the trust; or a statute,  
13 regulation, common law, other provision having the effect of law, judgment, or decree  
14 creates or authorizes the creation of a trust.

15           (c) The trust has a definite beneficiary or is one of the following:

16           1. A charitable trust.

17           2. A trust for the care of an animal, as provided in s. 701.0408.

18           3. A trust for a noncharitable purpose, as provided in s. 701.0409.

19           (d) The trustee has duties to perform.

20           (e) The same person is not the sole trustee and sole beneficiary.

21           (2) A beneficiary is definite if the beneficiary can be ascertained at the time the  
22 trust is created or in the future.

23           (3) A power in a trustee or trust protector to select a beneficiary from an  
24 indefinite class is valid. If the power is not exercised within a reasonable time, the

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1 power fails and the property subject to the power passes to the persons who would  
2 have taken the property had the power not been conferred.

3 (4) The capacity required to create a trust is the same as the capacity to make  
4 a will.

5 **SECTION 77.** 701.0403 of the statutes is created to read:

6 **701.0403 Trusts created in other jurisdictions.** A trust not created by will  
7 is validly created if its creation complies with the law of the jurisdiction in which the  
8 trust instrument was executed, or the law of the jurisdiction in which, at the time of  
9 creation, any of the following was satisfied:

10 (1) The settlor was domiciled, had a place of abode, or was a national.

11 (2) A trustee was domiciled or had a place of business.

12 (3) Any trust property was located.

13 **SECTION 78.** 701.0404 of the statutes is created to read:

14 **701.0404 Trust purposes.** A trust may be created only to the extent its  
15 purposes are lawful and possible to achieve. A trust and its terms must be for the  
16 benefit of its beneficiaries or for a noncharitable, but otherwise valid, purpose as  
17 described in s. 701.0409.

18 **SECTION 79.** 701.0405 of the statutes is created to read:

19 **701.0405 Charitable purposes; enforcement.** (1) A charitable trust may  
20 be created for the relief of poverty, the advancement of education or religion, the  
21 promotion of health or governmental or municipal purposes, or other purposes the  
22 achievement of which is beneficial to the community.

23 (2) If the terms of a charitable trust do not indicate a particular charitable  
24 purpose or beneficiary, or designate persons or procedures for selecting charitable  
25 purposes or beneficiaries, the court may select one or more charitable purposes or

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1 beneficiaries. The selection must be consistent with the settlor's intention to the  
2 extent it can be ascertained.

3 (3) The settlor of a charitable trust or his or her designees, whether identified  
4 within or without the terms of the trust, or a charitable entity named in the trust  
5 instrument, or the attorney general, or a cotrustee, or such other person the court  
6 determines to have sufficient interest may maintain a proceeding to enforce the  
7 trust.

8 **SECTION 80.** 701.0406 of the statutes is created to read:

9 **701.0406 Creation of trust induced by fraud, duress, or undue**  
10 **influence.** A trust is void to the extent its creation was induced by fraud, duress,  
11 or undue influence.

12 **SECTION 81.** 701.0407 of the statutes is created to read:

13 **701.0407 Evidence of oral trust.** Except as required by a statute other than  
14 this chapter, a trust does not need to be evidenced by a trust instrument, but the  
15 creation of an oral trust and its terms may be established only by clear and  
16 convincing evidence.

17 **SECTION 82.** 701.0408 of the statutes is created to read:

18 **701.0408 Trust for care of animal.** (1) A trust may be created to provide  
19 for the care of an animal alive during the settlor's lifetime. The trust terminates  
20 upon the death of the animal or, if the trust was created to provide for the care of more  
21 than one animal alive during the settlor's lifetime, upon the death of the last  
22 surviving animal.

23 (2) A trust authorized by this section may be enforced by a person appointed  
24 in the terms of the trust or, if no person is so appointed, by a person appointed by the  
25 court. A person having an interest in the welfare of the animal may request the court

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1 to appoint a person to enforce the trust or to remove a person appointed under this  
2 subsection.

3 (3) Property of a trust authorized by this section may be applied only to its  
4 intended use, except to the extent the court determines that the value of the trust  
5 property exceeds the amount required for the intended use. Property not required  
6 for the intended use must be distributed to the settlor, if then living, otherwise to the  
7 settlor's successors in interest.

8 **SECTION 83.** 701.0409 of the statutes is created to read:

9 **701.0409 Noncharitable trust without ascertainable beneficiary.**

10 Except as otherwise provided in s. 701.0408 or by another statute, the following rules  
11 apply:

12 (1) A trust may be created for a noncharitable purpose without a definite or  
13 definitely ascertainable beneficiary or for a noncharitable but otherwise valid  
14 purpose to be selected by the trustee.

15 (2) A trust may be created for maintaining, keeping in repair, and preserving  
16 any grave, tomb, monument, gravestone, or any cemetery. Any cemetery authority  
17 under s. 157.061 (2) may receive property in trust for any of the purposes specified  
18 in this subsection and apply the income from the trust to the purpose stated in the  
19 trust instrument.

20 (3) A trust authorized by this section may be enforced by a trust protector with  
21 the power to enforce the trust. If there is not a trust protector with the power to  
22 enforce the trust, a court may appoint a trust protector with the power to enforce the  
23 trust under s. 701.0818.

24 (4) Property of a trust authorized by this section may be applied only to its  
25 intended use, except to the extent the court determines that the value of the trust

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1 property exceeds the amount required for the intended use. Property not required  
2 for the intended use must be distributed to the settlor, if then living, otherwise to the  
3 settlor's successors in interest.

4 **SECTION 84.** 701.0410 of the statutes is created to read:

5 **701.0410 Modification or termination of trust; proceedings for**  
6 **approval or disapproval.** (1) In addition to the methods of termination prescribed  
7 by ss. 701.0411 to 701.0414, a trust terminates to the extent the trust is revoked or  
8 expires pursuant to its terms, no purpose of the trust remains to be achieved, or the  
9 purposes of the trust have become unlawful or impossible to achieve.

10 (2) A proceeding to approve or disapprove a proposed modification or  
11 termination under ss. 701.0411 to 701.0416, or a proposed trust combination or  
12 division under s. 701.0417, may be commenced by a trustee or beneficiary, and a  
13 proceeding to approve or disapprove a proposed modification or termination under  
14 s. 701.0411 may be commenced by the settlor. The settlor of a charitable trust may  
15 maintain a proceeding to modify the trust under s. 701.0413. A trustee does not have  
16 standing to oppose a proposed modification or termination commenced under s.  
17 701.0411 (1).

18 (3) A trustee may not be compelled by a modification or termination under this  
19 section or under ss. 701.0411 to 701.0416 to make distributions to or for any  
20 beneficiary of a trust for an individual with a disability or to terminate the trust,  
21 during the lifetime of the individual with a disability. A court may modify the terms  
22 of a trust for an individual with a disability with retroactive effect or reform the  
23 terms of such trust to achieve the settlor's objective or, if because of circumstances  
24 not anticipated by the settlor, to otherwise further the purposes of the trust so that

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1 it does not result in trust property being countable as resources or income of the  
2 individual with a disability for purposes of public assistance.

3 **SECTION 85.** 701.0411 of the statutes is created to read:

4 **701.0411 Modification or termination of noncharitable irrevocable**  
5 **trust by consent.** (1) A noncharitable irrevocable trust may be modified or  
6 terminated, with or without court approval, upon consent of the settlor and all  
7 beneficiaries, even if the modification or termination is inconsistent with a material  
8 purpose of the trust. A settlor's power to consent to a trust's modification or  
9 termination may be exercised by a representative under s. 701.0303 only if the  
10 representative is specifically authorized to consent to a trust's modification or  
11 termination under a power of attorney, the terms of the trust, or by a court under a  
12 guardianship or conservatorship.

13 (2) (a) A noncharitable irrevocable trust may be terminated upon consent of all  
14 of the beneficiaries if the court concludes that continuance of the trust is not  
15 necessary to achieve any material purpose of the trust.

16 (b) A noncharitable irrevocable trust may be modified upon consent of all of the  
17 beneficiaries if the court concludes that modification is not inconsistent with a  
18 material purpose of the trust.

19 (3) A spendthrift provision in the terms of the trust is not presumed to  
20 constitute a material purpose of the trust.

21 (4) A court may not compel a beneficiary to consent to a modification or  
22 termination to satisfy a creditor of the beneficiary.

23 (5) Upon termination of a trust under sub. (1) or (2), the trustee shall distribute  
24 the trust property as agreed by the beneficiaries.

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1           (6) If not all of the beneficiaries consent to a proposed modification or  
2 termination of the trust under sub. (1) or (2), the modification or termination may  
3 be approved by the court if the court is satisfied that all of the following apply:

4           (a) If all of the beneficiaries had consented, the trust could have been modified  
5 or terminated under this section.

6           (b) The interests of a beneficiary who does not consent will be adequately  
7 protected.

8           (7) A party proposing to modify or terminate a trust under sub. (1) or (2) shall  
9 give notice of the proposed modification or termination to the settlor, if living, the  
10 trustee, each trust protector, each directing party, and each beneficiary at least 30  
11 days before the proposed effective date of the modification or termination.

12           **SECTION 86.** 701.0412 of the statutes is created to read:

13           **701.0412 Modification or termination because of unanticipated**  
14 **circumstances or inability to administer trust effectively.** (1) The court may  
15 modify the administrative or dispositive terms of a trust or terminate the trust if,  
16 because of circumstances not anticipated by the settlor, modification or termination  
17 will further the purposes of the trust. To the extent practicable, the court shall make  
18 the modification in accordance with the settlor's probable intention.

19           (2) The court may modify the administrative terms of a trust if continuation  
20 of the trust on its existing terms would be impracticable or wasteful or impair the  
21 trust's administration.

22           (3) Upon termination of a trust under this section, the trustee shall distribute  
23 the trust property in a manner consistent with the purposes of the trust.



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1           (4) A party petitioning the court for action under this section shall give notice  
2 of the proceeding to the settlor, if living, the trustee, each trust protector, each  
3 directing party, and the qualified beneficiaries.

4           **SECTION 87.** 701.0413 of the statutes is created to read:

5           **701.0413 Cy pres.** (1) The purpose of this section is to broaden the power of  
6 the courts to make charitable gifts more effective. The court shall liberally apply the  
7 cy pres doctrine.

8           (2) Except as provided in sub. (3), if a particular charitable purpose becomes  
9 unlawful, impracticable, impossible to achieve, or wasteful, all of the following apply:

10           (a) The trust does not fail, in whole or in part.

11           (b) The trust property does not revert to the settlor or the settlor's successors  
12 in interest.

13           (c) The court may apply the cy pres doctrine to modify or terminate the trust  
14 by directing that the trust property be applied or distributed, in whole or in part, in  
15 a manner consistent with the settlor's charitable purposes. In determining the  
16 alternative plan for disposition of the property under this paragraph, the court shall  
17 take into account current and future community needs in the general field of charity  
18 within which the original charitable purpose falls, other charitable interests of the  
19 settlor, the amount of principal and income available under the trust, and other  
20 relevant factors. A person with standing to enforce the terms of a charitable trust  
21 under s. 701.0405 (3) has standing to commence a proceeding under this paragraph.  
22 The attorney general is a necessary party in all proceedings under this paragraph.

23           (3) A provision in the terms of a charitable trust that would result in  
24 distribution of the trust property to a noncharitable beneficiary prevails over the  
25 power of the court under sub. (2) to apply the cy pres doctrine to modify or terminate

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1 the trust only if, when the provision takes effect, the trust property is to revert to the  
2 settlor and the settlor is still living.

3 (4) A party petitioning the court for action under this section shall give notice  
4 to the settlor, if living, the trustee, each trust protector, each directing party, the  
5 qualified beneficiaries, and any person with standing to enforce the terms of a  
6 charitable trust under s. 701.0405 (3).

7 **SECTION 88.** 701.0414 of the statutes is created to read:

8 **701.0414 Modification or termination of uneconomic trust.** (1) In this  
9 section:

10 (a) “Adjustment reference number” means the consumer price index for all  
11 urban consumers, as published by the United States bureau of labor statistics, in  
12 effect on January 1 of the year in which an adjustment is to be made in accordance  
13 with sub. (3).

14 (b) “Base reference number” means the consumer price index for all urban  
15 consumers, as published by the United States bureau of labor statistics, in effect on  
16 January 1 of the base year.

17 (c) “Base year” means the year in which this paragraph takes effect .... [LRB  
18 inserts date].

19 (2) After notice to the settlor, if living, each trust protector, each directing party,  
20 and the qualified beneficiaries, the trustee of a trust consisting of trust property  
21 having a total value less than \$100,000 or a revised applicable figure, as determined  
22 under sub. (3), may terminate the trust if the trustee concludes that the value of the  
23 trust property is insufficient to justify the cost of administration.

24 (3) The dollar amount specified in sub. (2) shall be adjusted to a revised  
25 applicable figure on the 5th anniversary of the effective date of this subsection ....

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1 [LRB inserts date], and every 5 years thereafter. The revised applicable figure shall  
2 be determined as follows:

3 (a) Calculate the percentage change between the base reference number and  
4 the adjustment reference number for the year in which the adjustment is being  
5 made.

6 (b) 1. If the percentage change determined in par. (a) is a positive number,  
7 determine the revised applicable figure as follows:

8 a. Multiply \$100,000 by the percentage change determined in par. (a),  
9 expressed as a decimal.

10 b. Round the product under subd. 1. a. to the nearest \$1,000.

11 c. Add the value determined under subd. 1. b. to \$100,000.

12 2. If the percentage change determined in par. (a) is a negative number,  
13 determine the revised applicable figure as follows:

14 a. Multiply \$100,000 by the absolute value of the percentage change  
15 determined in par. (a), expressed as a decimal.

16 b. Round the product under subd. 2. a. to the nearest \$1,000.

17 c. Subtract the value determined under subd. 2. b. from \$100,000.

18 (4) The court may modify or terminate a trust or remove the trustee and  
19 appoint a different trustee if it determines that the value of the trust property is  
20 insufficient to justify the cost of administration even if the trust property has a total  
21 value in excess of the amount described in sub. (2).

22 (5) Upon termination of a trust under this section, the trustee shall distribute  
23 the trust property in a manner consistent with the purposes of the trust.

24 (6) This section does not apply to an easement for conservation or preservation.

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1           (7) A party petitioning the court for action under this section shall give notice  
2 of the proceeding to the settlor, if living, the trustee, each trust protector, each  
3 directing party, and the qualified beneficiaries.

4           **SECTION 89.** 701.0415 of the statutes is created to read:

5           **701.0415 Reformation to correct mistakes.** The court may reform the  
6 terms of a trust, even if unambiguous, to conform the terms to the settlor's intent if  
7 it is proved by clear and convincing evidence that both the settlor's intent and the  
8 terms of the trust were affected by a mistake of fact or law, whether in expression or  
9 inducement. A party petitioning the court for action under this section shall give  
10 notice of the proceeding to the settlor, if living, the trustee, each trust protector, each  
11 directing party, and the qualified beneficiaries.

12           **SECTION 90.** 701.0416 of the statutes is created to read:

13           **701.0416 Modification to achieve settlor's tax objectives.** To achieve the  
14 settlor's tax objectives, the court may modify the terms of a trust in a manner that  
15 is not contrary to the settlor's probable intent. The court may provide that the  
16 modification has retroactive effect. A party petitioning the court for action under this  
17 section shall give notice of the proceeding to the settlor, if living, the trustee, each  
18 trust protector, each directing party, and the qualified beneficiaries.

19           **SECTION 91.** 701.0417 of the statutes is created to read:

20           **701.0417 Combination and division of trusts.** (1) After notice to each trust  
21 protector, each directing party, and the qualified beneficiaries, a trustee may do any  
22 of the following if the result does not impair rights of any beneficiary or adversely  
23 affect achievement of any trust purposes:

24           (a) Combine 2 or more trusts into a single trust.

25           (b) Divide a trust into 2 or more separate trusts.

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1           (2) Subject to the terms of the trust, the trustee may take into consideration  
2 differences in federal tax attributes and other pertinent factors in administering the  
3 trust property of any separate account or trust, in making applicable tax elections,  
4 and in making distributions. A separate trust created by severance under sub. (1)  
5 (b) is treated as a separate trust for all purposes from the date on which the severance  
6 is effective. The effective date of the severance may be retroactive to a date before  
7 the date on which the trustee exercises the power.

8           (3) If a trustee combines 2 or more trusts into a single trust, the trustee shall  
9 identify which trust is the surviving trust.

10           **SECTION 92.** 701.0418 of the statutes is created to read:

11           **701.0418 Trustee’s power to appoint assets to new trust. (1) DEFINITIONS.**

12           In this section:

13           (a) “Absolute power” means a power to invade trust assets for the benefit of a  
14 beneficiary that is not limited by a specific or ascertainable standard, whether or not  
15 the term “absolute” is used in the trust instrument. “Absolute power” includes a  
16 power to invade trust assets for the best interests, welfare, comfort, or happiness of  
17 a beneficiary.

18           (b) “First trust” means the trust from which assets are or may be appointed  
19 under sub. (2).

20           (c) “Second trust” means the trust or trusts to which assets are or may be  
21 appointed under sub. (2).

22           (2) **POWER TO APPOINT.** (a) Except as otherwise provided in this subsection and  
23 in subs. (3) and (5), a trustee who has the power to invade the principal of a first trust  
24 for the benefit of a beneficiary who is eligible to receive or entitled to the income of  
25 the first trust or entitled to an annuity or unitrust payment from the first trust may

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1 exercise the power by appointing part or all of the assets of the first trust in favor of  
2 a trustee of a 2nd trust if all of the following apply:

3 1. The appointment of assets does not reduce any fixed income, annuity, or  
4 unitrust interest of a beneficiary.

5 2. If the trustee's power to invade income or principal of the first trust is limited  
6 by a specific or ascertainable standard, the appointment of assets does not result in  
7 the trustee of the 2nd trust or any other person having a power to invade the income  
8 or principal of the 2nd trust that is broader than the trustee's power to invade income  
9 or principal of the first trust. This subdivision does not apply if the 2nd trust is a trust  
10 for an individual with a disability.

11 3. One of the following applies:

12 a. The beneficiaries of the first trust are the same as the beneficiaries of the 2nd  
13 trust.

14 b. If the first trust grants the trustee the absolute power to invade principal,  
15 the 2nd trust includes only all or some of the beneficiaries of the first trust.

16 (b). Paragraph (a) applies to a trustee whether or not the trustee has an absolute  
17 power to invade principal and whether or not there is a current need to invade  
18 principal under the terms of the first trust.

19 **(3) LIMITATIONS ON EXERCISE OF POWER.** A trustee may not appoint assets to a  
20 2nd trust under sub. (2) if any of the following applies:

21 (a) The trust instrument creating the first trust expressly prohibits the trustee  
22 from appointing assets of the first trust to a 2nd trust by reference to this section or  
23 by using the term "decanting."

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1           (b) A contribution to the first trust qualified for a marital or charitable  
2           deduction for federal income, gift, or estate tax purposes under the Internal Revenue  
3           Code and one of the following applies:

4           1. The 2nd trust contains a provision that, if included in the first trust, would  
5           have prevented the first trust from qualifying for the deduction or would have  
6           reduced the amount of the deduction.

7           2. The 2nd trust does not contain a provision that was contained in the first  
8           trust that, if omitted from the first trust, would have prevented the first trust from  
9           qualifying for the deduction or would have reduced the amount of the deduction.

10          (c) The trustee has a beneficial interest in the first trust unless the 2nd trust  
11          is a trust for an individual with a disability, the trustee's only beneficial interest in  
12          the first trust is as a remainder beneficiary, and the trustee's beneficial interest in  
13          the 2nd trust is not greater than the trustee's beneficial interest in the first trust.

14          (d) The appointment of assets to a 2nd trust would impair currently exercisable  
15          withdrawal rights of a beneficiary of the first trust and one of the following applies:

16          1. The withdrawal rights were granted to the beneficiary in a manner designed  
17          to allow contributions subject to the withdrawal rights to qualify for the federal gift  
18          tax annual exclusion.

19          2. The terms of the 2nd trust would impair gifts previously made to the first  
20          trust from qualifying for the federal gift tax annual exclusion under section 2503 of  
21          the Internal Revenue Code.

22          (e) The appointment of assets to the 2nd trust would violate a rule against  
23          perpetuities applicable to the first trust or suspend a trustee's power of alienation  
24          over assets of the first trust in a manner that would cause all or a portion of the 2nd  
25          trust to be void.

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1 (f) The appointment of assets to the 2nd trust under sub. (2) would impair the  
2 essential purpose of a trust for an individual with a disability.

3 (4) PERMISSIBLE TERMS OF 2ND TRUST. (a) Subject to pars. (b) to (d) and subs. (2),  
4 (3), and (5), the trustee of the first trust may create a 2nd trust instrument that  
5 includes terms that are intended to achieve any purpose, including terms that are  
6 intended to do any of the following:

7 1. Correct a drafting error in the first trust.

8 2. Clarify potentially ambiguous terms contained in the first trust.

9 3. Change the age of distribution to a beneficiary of the first trust.

10 4. Extend the duration of the first trust.

11 5. Protect a beneficiary of the first trust, including protecting the beneficiary  
12 from self-destructive behavior.

13 6. Allow the trustee of the 2nd trust to transfer trust assets to a community  
14 trust. In this subdivision, “community trust” means a master trust that is  
15 established and managed by a nonprofit organization that maintains sub-accounts  
16 for individual beneficiaries that each satisfy the definition of a trust for an individual  
17 with a disability.

18 7. Add or remove a spendthrift trust provision to the first trust.

19 8. Modify investment provisions contained in the first trust, including those  
20 relating to permissible investments, use of investment advisors, or self-dealing  
21 transactions.

22 9. Change a present or future trustee of the first trust, including by defining  
23 the method by which a trustee or cotrustee may be appointed or removed and  
24 replaced.



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1           10. Appoint a trust protector of the 2nd trust and define the powers of the trust  
2 protector.

3           11. Appoint a directing party of the 2nd trust and define the powers of the  
4 directing party.

5           12. Change the principal place of administration of the first trust.

6           13. Change the governing law of the first trust.

7           14. Allow for the division of the first trust into 2 or more trusts.

8           15. Allow for the merger of the first trust with one or more trusts.

9           16. Add or modify an exculpatory provision for a trustee, trust protector, or  
10 directing party.

11           17. Obtain desirable tax treatment, as determined by the trustee of the first  
12 trust, or to avoid adverse tax consequences, as determined by the trustee of the first  
13 trust, including provisions relating to grantor trust status under sections 671 to 679  
14 of the Internal Revenue Code.

15           18. Modify a power in the first trust to invade income and principal.

16           19. Modify or eliminate a general or special power of appointment in the first  
17 trust.

18           (b) The trust instrument of the 2nd trust may include terms granting a  
19 beneficiary a general or special power of appointment only if the trustee of the first  
20 trust has the absolute power to invade income and principal.

21           (c) 1. The trust instrument of the 2nd trust may include terms that are intended  
22 to change terms of the first trust that are applicable to a beneficiary who is an  
23 individual with a disability only if the purpose of the change is to allow the  
24 beneficiary to qualify or continue to be qualified to receive public assistance.

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1           2. Subdivision 1. applies regardless of whether the first trust includes specific  
2 or ascertainable standards for distribution.

3           (d) The trust instrument of the 2nd trust may include a term that adopts or  
4 expands an exculpatory provision relating to the trustee only if one of the following  
5 applies:

6           1. Any trustee of the first trust who would benefit from the adoption of the term  
7 in the 2nd trust abstains from the consideration and adoption of the term and the  
8 trustees of the first trust who would not benefit from the adoption of the term adopt  
9 the trust instrument of the 2nd trust.

10           2. A court approves the trust instrument of the 2nd trust.

11           (5) PROCEDURAL MATTERS. (a) A trustee shall appoint assets to a 2nd trust under  
12 sub. (2) by an instrument in writing that is signed and acknowledged by the trustee  
13 and shall include the written instrument with the records of the first and 2nd trusts.  
14 A trustee may appoint assets to a 2nd trust under sub. (2) upon notice, without court  
15 approval, under the procedure described in par. (b), or with court approval, under the  
16 procedure described in par. (c).

17           (b) 1. If a trustee chooses to proceed without a court order, the trustee shall give  
18 notice of the manner in which the trustee intends to appoint assets to a 2nd trust  
19 under sub. (2) to all of the following:

- 20           a. The qualified beneficiaries of the first trust.  
21           b. Each trust protector appointed under the terms of the first trust.  
22           c. Each directing party appointed under the terms of the first trust.  
23           d. The settlor of the first trust, if living.

24           2. To satisfy the trustee's notice obligation under this paragraph, a trustee shall  
25 provide each person entitled to receive notice under subd. 1. all of the following:

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1           a. A copy of the proposed written instrument under which the trustee will  
2 appoint assets to a 2nd trust.

3           b. The proposed effective date of the appointment.

4           c. A copy of the trust instrument of the first trust.

5           d. A copy of the trust instrument of the 2nd trust.

6           3. A trustee may not appoint assets to the 2nd trust until 30 days after the  
7 trustee provides notice as required under this paragraph unless every person who  
8 is entitled to receive notice under subd. 1. waives the 30–day notice period by  
9 delivering a signed written instrument to the trustee. A person’s waiver of the  
10 30–day notice period does not constitute that person’s consent to the trustee’s  
11 appointment of assets to a 2nd trust.

12           4. If a person entitled to receive notice under subd. 1. delivers a written  
13 objection to the trustee before the effective date of the appointment of assets to a 2nd  
14 trust, the trustee may not appoint the assets to a 2nd trust, as specified in the  
15 trustee’s notice, without obtaining court approval under par. (c) unless the written  
16 objection is withdrawn.

17           5. If the trustee does not receive a written objection from any person entitled  
18 to receive notice under subd. 1. before the effective date of the appointment of assets  
19 to the 2nd trust or all written objections to the proposed appointment of assets to the  
20 2nd trust are withdrawn, the trustee may appoint the assets to a 2nd trust, as  
21 specified in the notice.

22           (c) 1. If a trustee chooses to proceed with court approval, including after  
23 receiving a written objection to a proposed appointment of assets, the trustee shall  
24 petition a court to approve a proposed appointment of assets to a 2nd trust under sub.  
25 (2). The trustee shall provide notice of the petition to all qualified beneficiaries of the

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1 first trust, each trust protector appointed under the first trust, each directing party  
2 appointed under the first trust, and to the settlor of the first trust, if living. The  
3 trustee shall include in the notice of the petition the proposed effective date of the  
4 appointment of assets to a 2nd trust. The trustee shall also provide to each person  
5 who is entitled to receive notice under this paragraph a copy of the proposed  
6 instrument under which the trustee will appoint assets to a 2nd trust, the proposed  
7 effective date of the appointment, a copy of the trust instrument of the first trust, and  
8 a copy of the trust instrument of the 2nd trust.

9 2. If a person who is entitled to receive notice under subd. 1. files an objection  
10 with the court, in determining whether to grant or deny a petition under subd. 1., the  
11 court shall consider all of the following:

12 a. The purpose of the proposed appointment of assets under sub. (2).

13 b. The reasons for any objection made by a person entitled to receive notice  
14 under subd. 1.

15 c. Changes in circumstances that have occurred since the creation of the first  
16 trust.

17 d. Whether the appointment of assets under sub. (2) complies with the  
18 requirements of this section.

19 3. If no person who is entitled to receive notice under subd. 1. files an objection  
20 with the court or any objection that has been filed with the court is withdrawn, the  
21 court shall enter an order approving the appointment of assets under sub. (2) as set  
22 forth in the trustee's notice unless the court determines that the appointment of  
23 assets does not comply with the requirements of this section.

24 **(6) SUBSEQUENTLY DISCOVERED ASSETS.** (a) The appointment of all of the assets  
25 of the first trust in favor of the trustee of the 2nd trust includes subsequently

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1 discovered assets otherwise belonging to the first trust and assets paid to or acquired  
2 by the first trust subsequent to the appointment in favor of the 2nd trust.

3 (b) Except as otherwise provided by the trustee of the first trust, the  
4 appointment of part but not all of the assets of the first trust in favor of the 2nd trust  
5 does not include subsequently discovered assets belonging to the first trust or assets  
6 paid to or acquired by the first trust subsequent to the appointment in favor of the  
7 2nd trust, which remain the assets of the first trust.

8 (7) LIABILITY. (a) This section does not create or imply a duty on a trustee to  
9 appoint assets to a 2nd trust under sub. (2). A trustee that does not appoint assets  
10 to a 2nd trust under sub. (2) is not liable for the failure to do so.

11 (b) A trustee who appoints assets to a 2nd trust under sub. (2) is not liable to  
12 any beneficiary for any loss related to the appointment unless the trustee did not  
13 appoint the assets in good faith.

14 (8) MISCELLANEOUS PROVISIONS. (a) The appointment of assets to a 2nd trust  
15 under sub. (2) is not an exercise of a general power of appointment.

16 (b) A trustee may appoint assets to a 2nd trust under sub. (2) even if the first  
17 trust includes a spendthrift clause or a provision that prohibits amendment or  
18 revocation of the trust.

19 (c) This section does not limit a trustee who has a power to invade principal to  
20 appoint property in further trust to the extent the power arises under the terms of  
21 the first trust or under any other section of this chapter or under another provision  
22 of law or under common law.

23 (d) The restriction relating to a trustee under sub. (3) (c) does not preclude a  
24 cotrustee who does not have a beneficial interest in the first trust from appointing  
25 assets to a 2nd trust under sub. (2) even if the terms of the first trust, applicable law,

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1 or other circumstances would otherwise require the majority or unanimous action of  
2 the trustees of the first trust.

3 (e) For purposes of this section, if beneficiaries of a first trust are defined as a  
4 class of persons, the class shall include any person who falls within the class of  
5 persons after the trustee appoints assets to the 2nd trust.

6 (f) Notwithstanding s. 701.0103 (23), a trustee of a first trust who appoints  
7 assets to a 2nd trust under sub. (2) or creates a 2nd trust instrument under sub. (4)  
8 is not the settlor of the 2nd trust.

9 (g) To the extent a directing party or trust protector has the power to invade  
10 the principal of a first trust, as described in sub. (2), this section applies to the  
11 directing party or trust protector as if the directing party or trust protector is a  
12 trustee.

13 **SECTION 93.** 701.05 of the statutes is repealed.

14 **SECTION 94.** Subchapter V (title) of chapter 701 [precedes 701.0501] of the  
15 statutes is created to read:

**CHAPTER 701****SUBCHAPTER V****CREDITOR'S CLAIMS; SPENDTHRIFT****AND DISCRETIONARY TRUSTS**

16  
17  
18  
19  
20 **SECTION 95.** 701.0501 of the statutes is created to read:

21 **701.0501 Rights of beneficiary's creditor or assignee.** (1) (a) To the  
22 extent a beneficiary's interest is not protected by a spendthrift provision, the court  
23 may authorize a judgment creditor or an assignee of the beneficiary to reach the  
24 beneficiary's interest by attachment of present or future distributions to or for the

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1 benefit of the beneficiary or other means. The court may limit the award to such  
2 relief as is appropriate under the circumstances.

3 (b) This subsection does not apply to a trust for an individual with a disability.

4 (2) A trustee is not liable to any creditor of a beneficiary for any distributions  
5 made to or for the benefit of the beneficiary if any of the following applies:

6 (a) The beneficiary's interest is protected by a spendthrift provision.

7 (b) The trust is a trust for an individual with a disability.

8 **SECTION 96.** 701.0502 of the statutes is created to read:

9 **701.0502 Spendthrift provision.** (1) A spendthrift provision is valid only  
10 if any of the following applies:

11 (a) The beneficiary is a person other than the settlor and is not treated as the  
12 settlor under s. 701.0505 (2).

13 (b) The trust is a trust for an individual with a disability.

14 (2) Subject to sub. (1), a term of a trust providing that the interest of a  
15 beneficiary is held subject to a spendthrift trust, or words of similar import, restrains  
16 both a voluntary and involuntary transfer of the beneficiary's interest.

17 (3) A beneficiary may not transfer an interest in a trust in violation of a valid  
18 spendthrift provision and, except as otherwise provided in this subchapter, a creditor  
19 or assignee of the beneficiary may not attach, garnish, execute on, or otherwise reach  
20 the interest or a distribution by the trustee before its receipt by the beneficiary.

21 (4) Real property or tangible personal property that is owned by the trust but  
22 that is made available for a beneficiary's occupancy or use in accordance with the  
23 trustee's authority under the trust instrument may not be considered to have been  
24 distributed by the trustee or received by the beneficiary for purposes of allowing a  
25 creditor or assignee of the beneficiary to reach the property.

**BILL****SECTION 97**

1           **SECTION 97.** 701.0503 (title) of the statutes is created to read:

2           **701.0503 (title) Exceptions to spendthrift provision.**

3           **SECTION 98.** 701.0504 of the statutes is created to read:

4           **701.0504 Discretionary trusts; effect of standard.** (1) For purposes of this  
5 subchapter, and except as provided in sub. (3), a beneficiary's interest in a trust that  
6 is subject to the trustee's discretion does not constitute an interest in property or an  
7 enforceable right even if the discretion is expressed in the form of a standard of  
8 distribution or the beneficiary is then serving as sole trustee or cotrustee.

9           (2) Except as provided in this subchapter, a creditor or other claimant may not  
10 attach present or future distributions from a beneficiary's interest in property or an  
11 enforceable right, obtain an order from a court forcing the judicial sale of the interest  
12 or compelling the trustee to make distributions, or reach the interest or right by any  
13 other means, even if the trustee has abused the trustee's discretion.

14           (3) Subsections (1) and (2) do not apply if a beneficiary is acting as sole trustee  
15 of a trust for his or her benefit and his or her discretion to make distributions to  
16 himself or herself is not limited by an ascertainable standard or the consent of a party  
17 holding an adverse interest to the beneficiary.

18           (4) (a) Except as provided in par. (b), this section does not limit the right of a  
19 beneficiary to maintain a judicial proceeding against a trustee for an abuse of  
20 discretion or failure to comply with a standard for distribution.

21           (b) The right of a beneficiary described in par. (a) may not be exercised by a  
22 creditor.

23           **SECTION 99.** 701.0505 of the statutes is created to read:



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1           **701.0505 Creditor’s claim against settlor.** (1) (a) Whether or not the terms  
2 of a trust include a spendthrift provision and except as provided in par. (b), the  
3 following rules apply to claims of a settlor’s creditors:

4           1. During the lifetime of the settlor, the property of a revocable trust is subject  
5 to claims of the settlor’s creditors.

6           2. With respect to an irrevocable trust that is not a trust for an individual with  
7 a disability, upon application of a judgment creditor of the settlor, the court may, if  
8 the trust instrument requires or authorizes the trustee to make payments of income  
9 or principal to or for the settlor, order the trustee to satisfy part or all of the judgment  
10 out of part or all of the payments of income or principal as they are due, presently  
11 or in the future, or which are payable in the trustee’s discretion. If a trust has more  
12 than one settlor, the amount the judgment creditor of a particular settlor may reach  
13 may not exceed the settlor’s interest in the trust.

14           3. After the death of a settlor, and subject to the settlor’s right to direct the  
15 source from which liabilities will be paid, the property of a trust that was revocable  
16 at the settlor’s death is subject to claims of the settlor’s creditors, costs of  
17 administration of the settlor’s estate, the expenses of the settlor’s funeral and  
18 disposal of remains, and statutory allowances to a surviving spouse and children to  
19 the extent the settlor’s probate estate is inadequate to satisfy those claims, costs,  
20 expenses, and allowances.

21           (b) Assets of a trust that are exempt from claims of creditors under other  
22 statutes are not subject to par. (a).

23           (2) For purposes of this subchapter, all of the following apply:

**BILL****SECTION 99**

1 (a) During the period the power may be exercised, the holder of a power of  
2 withdrawal is treated in the same manner as the settlor of a revocable trust to the  
3 extent of the property subject to the power.

4 (e) 1. Contributions to the following trusts are not considered to have been  
5 contributed by the settlor:

6 a. An irrevocable marital trust that is treated as qualified terminable interest  
7 property under section 2523 (f) of the Internal Revenue Code if after the death of the  
8 settlor's spouse the settlor is a beneficiary of the trust or an irrevocable trust that  
9 receives property from the trust.

10 b. An irrevocable marital trust that is treated as a general power of  
11 appointment trust under section 2523 (e) of the Internal Revenue Code if after the  
12 death of the settlor's spouse the settlor is a beneficiary of the trust or an irrevocable  
13 trust that receives property from the trust.

14 c. An irrevocable trust for the settlor's spouse if after the death of the settlor's  
15 spouse the settlor is a beneficiary of the trust or an irrevocable trust that receives  
16 property from the trust.

17 d. An irrevocable trust for the benefit of a person, the settlor of which is the  
18 person's spouse, regardless of whether or when the person was the settlor of an  
19 irrevocable trust for the benefit of that spouse.

20 e. An irrevocable trust for the benefit of a person to the extent that the property  
21 of the trust was subject to a general power of appointment in another person.

22 2. A person who would otherwise be treated as a settlor of a trust described in  
23 subd. 1. a. to e. is not treated as a settlor of the trust.

24 3. For purposes of this paragraph, notwithstanding s. 701.0103 (3),  
25 "beneficiary" means a person who satisfies s. 701.0103 (3) (a) or (b) and who is

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1 designated in a trust instrument or through the exercise of a special or general power  
2 of appointment.

3 (3) Any order entered by a court under this section is subject to modification  
4 upon application of an interested person.

5 **SECTION 100.** 701.0506 of the statutes is created to read:

6 **701.0506 Overdue distribution.** (1) In this section, “mandatory  
7 distribution” means a distribution of income or principal that the trustee is required  
8 to make to a beneficiary under the terms of the trust, including a distribution upon  
9 termination of the trust. “Mandatory distribution” does not include a distribution  
10 subject to the exercise of the trustee’s discretion even if any of the following applies:

11 (a) The discretion is expressed in the form of a standard of distribution.

12 (b) The terms of the trust authorizing a distribution couple language of  
13 discretion with language of direction.

14 (2) Whether or not a trust contains a spendthrift provision, a creditor or  
15 assignee of a beneficiary may reach a mandatory distribution of income or principal,  
16 including a distribution upon termination of the trust, if the trustee has not made  
17 the distribution to the beneficiary within a reasonable time after the designated  
18 distribution date.

19 **SECTION 101.** 701.0507 of the statutes is created to read:

20 **701.0507 Personal obligations of trustee.** Trust property is not subject to  
21 personal obligations of the trustee, even if the trustee becomes insolvent or  
22 bankrupt.

23 **SECTION 102.** 701.06 (title), (1), (2), (3) and (6) (title) and (a) of the statutes are  
24 repealed.

**BILL****SECTION 103**

1           **SECTION 103.** 701.06 (4) of the statutes is renumbered 701.0503 (1), and  
2 701.0503 (1) (intro.) and (b), as renumbered, is amended to read:

3           701.0503 (1) CLAIMS FOR CHILD SUPPORT. (intro.) Notwithstanding ~~any provision~~  
4 ~~in the creating instrument or subs. (1) and (2) s. 701.0502~~, upon application of a  
5 person having a valid order directing a beneficiary to make payment for support of  
6 the beneficiary's child, the court may do any of the following:

7           (b) ~~In~~ If the case of a beneficiary under a discretionary may receive income or  
8 principal at the trustee's discretion under the trust, order the trustee to satisfy part  
9 or all of the claim out of part or all of future payments of income or principal ~~which~~  
10 that are to be made pursuant to the exercise of the trustee's discretion in favor of such  
11 beneficiary.

12           **SECTION 104.** 701.06 (5) (intro.) and (a) of the statutes are renumbered  
13 701.0503 (2) (intro.) and (a) and amended to read:

14           701.0503 (2) CLAIMS FOR PUBLIC SUPPORT. (intro.) Notwithstanding ~~any~~  
15 ~~provision in the creating instrument or subs. (1) and (2) s. 701.0502~~ and except as  
16 provided in sub. (3), if the settlor is legally obligated to pay for the public support of  
17 a beneficiary under s. 46.10, 49.345, or 301.12 or the beneficiary is legally obligated  
18 to pay for the beneficiary's public support or ~~that~~ for support furnished to the  
19 beneficiary's spouse or minor child under s. 46.10, 49.345, or 301.12, upon  
20 application by the appropriate state department or county official, the court may do  
21 any of the following:

22           (a) If ~~such~~ the beneficiary is entitled to receive income or principal under the  
23 trust, order the trustee to satisfy part or all of the liability out of part or all of  
24 payments of income or principal as they are due, presently or in the future;

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1           **SECTION 105.** 701.06 (5) (b) of the statutes is renumbered 701.0503 (2) (b) 1. and  
2 amended to read:

3           701.0503 (2) (b) 1. Except as otherwise provided in par. (c), ~~in the case of a~~  
4 ~~beneficiary under a discretionary trust subd. 2., if the beneficiary may receive income~~  
5 or principal at the trustee's discretion under the trust, order the trustee to satisfy  
6 part or all of the liability out of part or all of future payments of income or principal  
7 which are to be made pursuant to the exercise of the trustee's discretion in favor of  
8 such the beneficiary;

9           **SECTION 106.** 701.06 (5) (c) of the statutes is renumbered 701.0503 (2) (b) 2. and  
10 amended to read:

11           701.0503 (2) (b) 2. In the case of a beneficiary ~~under a discretionary trust who~~  
12 may receive income or principal of the trust at the trustee's discretion and who is a  
13 settlor or a spouse or minor child of the settlor, order the trustee to satisfy part or all  
14 of the liability without regard to whether the trustee has then exercised or may  
15 thereafter exercise the trustee's discretion in favor of the beneficiary.

16           **SECTION 107.** 701.06 (5m) of the statutes is renumbered 701.0503 (3) and  
17 amended to read:

18           701.0503 (3) ~~TRUST FOR DISABLED AN INDIVIDUAL WITH A DISABILITY.~~ Subsection  
19 (5) (2) does not apply to any trust that is established for the benefit of an individual  
20 who has with a disability which has continued or can be expected to continue  
21 indefinitely, substantially impairs the individual from adequately providing for his  
22 or her own care or custody, and constitutes a substantial handicap to the afflicted  
23 individual if the trust does not result in ineligibility for public assistance under ch.  
24 49. A trustee of a trust which is exempt from claims for public support under this

**BILL****SECTION 107**

1 ~~subsection shall notify the county department under s. 46.215 or 46.22 in the county~~  
2 ~~where the disabled beneficiary resides of the existence of the trust.~~

3 **SECTION 108.** 701.06 (6) (b) of the statutes is renumbered 701.0505 (2) (b), and  
4 701.0505 (2) (b) 2., as renumbered, is amended to read:

5 701.0505 (2) (b) 2. The beneficiary's right to withdraw part of the trust  
6 property, to the extent that the value of the property affected by the lapse, waiver,  
7 or release in any year does not exceed the greater of the amount in following:

8 a. ~~Section~~ The amount referenced in section 2041 (b) (2) or 2514 (e), of the  
9 Internal Revenue Code of 1986.

10 b. ~~Section~~ The amount referenced in section 2503 (b), of the Internal Revenue  
11 Code of 1986 for each individual other than the beneficiary who makes a transfer to  
12 the trust or who is deemed to make a transfer to the trust pursuant to an election to  
13 split gifts under section 2513 (a) of the Internal Revenue Code.

14 **SECTION 109.** 701.06 (6) (c) of the statutes is renumbered 701.0505 (2) (c), and  
15 701.0505 (2) (c) (intro.), 1. a. and b. and 4., as renumbered, are amended to read:

16 701.0505 (2) (c) (intro.) A beneficiary of a trust is not a settlor, has not made a  
17 voluntary or involuntary transfer of the beneficiary's interest in the trust, ~~or~~ and  
18 does not have the power to make a voluntary or involuntary transfer of the  
19 beneficiary's interest in the trust solely because the beneficiary holds ~~or~~, exercises,  
20 or allows in any capacity, any of the following:

21 1. a. ~~Exercisable only on~~ with the consent of another person holding an interest  
22 adverse to the beneficiary's interest.

23 b. Limited by an ascertainable standard, ~~such as health, education, support,~~  
24 ~~or maintenance~~ of the beneficiary.

25 4. A presently exercisable right described in ~~par. (b) 2.~~ sub. (2) (b).

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1           **SECTION 110.** 701.06 (6) (d) of the statutes is renumbered 701.0505 (2) (d).

2           **SECTION 111.** 701.06 (7) of the statutes is renumbered 701.0503 (4) and  
3 amended to read:

4           701.0503 (4) **SUBSEQUENT MODIFICATION OF COURT’S ORDER.** Any order entered by  
5 a court under sub. (4), ~~(5)~~ (1) or ~~(6)~~ (a) ~~is subject to modification~~ (2) may be modified  
6 upon application of an interested person.

7           **SECTION 112.** 701.06 (8) of the statutes is renumbered 701.0503 (5) and  
8 amended to read:

9           701.0503 (5) **EXEMPT ASSETS.** Assets of a trust, ~~to the extent they~~ that are  
10 exempt from claims of creditors under other statutes, ~~shall~~ are not be subject to sub.  
11 ~~(4), (5), (1)~~ or ~~(6) (a)~~ (2).

12           **SECTION 113.** Subchapter VI (title) of chapter 701 [precedes 701.0601] of the  
13 statutes is created to read:

14   **CHAPTER 701**

15   **SUBCHAPTER VI**

16   **REVOCABLE TRUSTS**

17           **SECTION 114.** 701.0601 of the statutes is created to read:

18           **701.0601 Capacity of settlor of revocable trust.** The capacity required to  
19 create, amend, revoke, or add property to a revocable trust, or to direct the actions  
20 of the trustee of a revocable trust, is the same as that required to make a will.

21           **SECTION 115.** 701.0602 of the statutes is created to read:

22           **701.0602 Revocation or amendment of revocable trust.** (1) Unless the  
23 terms of a trust expressly provide that the trust is irrevocable, the settlor may revoke  
24 or amend the trust. This subsection does not apply to a trust created under an

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1 instrument executed before the effective date of this subsection .... [LRB inserts  
2 date].

3 (2) If a revocable trust is created or funded by more than one settlor, all of the  
4 following apply:

5 (a) To the extent the trust consists of marital or community property, the trust  
6 may be revoked by either spouse acting alone but may be amended only by joint  
7 action of both spouses.

8 (b) To the extent the trust consists of property other than marital or community  
9 property, each settlor may revoke or amend the trust with regard to the portion of  
10 the trust property attributable to that settlor's contribution.

11 (c) Upon the revocation or amendment of the trust by fewer than all of the  
12 settlors, the trustee shall promptly notify the other settlors of the revocation or  
13 amendment.

14 (3) A settlor may revoke or amend a revocable trust by any of the following  
15 means:

16 (a) By substantial compliance with a method provided in the terms of the trust.

17 (b) If the terms of the trust do not provide a method, by any of the following  
18 means:

19 1. A later will or codicil that expressly refers to the trust or specifically devises  
20 property that would otherwise have passed according to the terms of the trust.

21 2. Any other method manifesting clear and convincing evidence of the settlor's  
22 intent.

23 (4) Upon revocation of a revocable trust, the trustee shall transfer the trust  
24 property as the settlor directs. However, with respect to marital or community



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1 property, the trustee shall transfer the property to both spouses as marital or  
2 community property.

3 (5) A settlor's powers with respect to revocation, amendment, or distribution  
4 of trust property may be exercised by an agent under a power of attorney only to the  
5 extent expressly authorized by the terms of the power of attorney.

6 (6) A guardian of the estate or a conservator of the settlor may exercise a  
7 settlor's powers with respect to revocation, amendment, or distribution of trust  
8 property only with the approval of the court supervising the guardianship or  
9 conservatorship.

10 (7) A trustee who does not know that a trust has been revoked or amended is  
11 not liable for distributions made and other actions taken on the assumption that the  
12 trust had not been amended or revoked, or for distributions made pursuant to sub.  
13 (5).

14 **SECTION 116.** 701.0603 of the statutes is created to read:

15 **701.0603 Settlor's powers; powers of withdrawal.** (1) While a trust is  
16 revocable, the rights of the beneficiaries are subject to the control of, and the duties  
17 of the trustee, a directing party, and a trust protector are owed exclusively to, the  
18 settlor.

19 (2) If a revocable trust has more than one settlor, the duties of the trustee, a  
20 directing party, and a trust protector are owed to all of the settlors.

21 (3) During the period in which a power of withdrawal may be exercised, the  
22 holder of the power has the rights of a settlor of a revocable trust under this section  
23 to the extent of the property subject to the power.

24 **SECTION 117.** 701.0604 of the statutes is created to read:

**BILL****SECTION 117**

1           **701.0604 Limitation on action contesting validity of revocable trust;**  
2 **distribution of trust property.** (1) A person must commence a judicial proceeding  
3 to contest the validity of a trust that was revocable immediately before the settlor's  
4 death within the earlier of the following:

5           (a) One year after the settlor's death.

6           (b) Four months after the trustee sent the person a copy of the trust instrument  
7 and a notice informing the person of the trust's existence, of the trustee's name and  
8 address, and of the time allowed for commencing a proceeding. Except as provided  
9 in s. 701.0813 (2), a trustee is not liable to any person for not providing the  
10 information described in this paragraph.

11           (2) Upon the death of the settlor of a trust that was revocable immediately  
12 before the settlor's death, the trustee may proceed to distribute the trust property  
13 in accordance with the terms of the trust. The trustee is not subject to liability for  
14 doing so unless one of the following applies:

15           (a) The trustee knows of a pending judicial proceeding contesting the validity  
16 of the trust.

17           (b) A potential contestant has notified the trustee of a possible judicial  
18 proceeding to contest the trust and a judicial proceeding is commenced within 60  
19 days after the contestant sent the notification.

20           (3) A beneficiary of a trust that is determined to have been invalid is liable to  
21 return any distribution received.

22           **SECTION 118.** 701.065 (title), (1), (2), (3) and (4) of the statutes are renumbered  
23 701.0508 (title), (1), (2), (3) and (4), and 701.0508 (1) (a) 2., as renumbered, is  
24 amended to read:

**BILL**

1           701.0508 (1) (a) 2. Except as provided in pars. (b) and (c), if the trustee satisfies  
2 the requirements for the publication of the notice under subd. 1., all claims, including  
3 claims of the any state and any ~~subdivision thereof~~ of its subdivisions, whether due  
4 or to become due, absolute or contingent, liquidated or unliquidated, are barred  
5 against the trustee, the trust property and any recipient of trust property unless filed  
6 with the trustee on or before the date specified in the notice under subd. 1.

7           **SECTION 119.** 701.065 (5) of the statutes, as created by 2013 Wisconsin Act 20,  
8 is repealed.

9           **SECTION 120.** 701.07 of the statutes is repealed.

10          **SECTION 121.** Subchapter VII (title) of chapter 701 [precedes 701.0701] of the  
11 statutes is created to read:

12   **CHAPTER 701**

13   **SUBCHAPTER VII**

14   **OFFICE OF TRUSTEE**

15          **SECTION 122.** 701.0701 of the statutes is created to read:

16          **701.0701 Accepting or declining trusteeship.** (1) Except as provided in  
17 sub. (3), a person designated as trustee accepts the trusteeship by doing any of the  
18 following:

19           (a) Substantially complying with a method of acceptance provided in the terms  
20 of the trust.

21           (b) If the terms of the trust do not provide a method or the method provided in  
22 the terms is not expressly made exclusive, by accepting delivery of the trust property,  
23 exercising powers or performing duties as trustee, or otherwise indicating  
24 acceptance of the trusteeship.

**BILL****SECTION 122**

1           (2) A person designated as trustee who has not yet accepted the trusteeship  
2 may decline the trusteeship. A designated trustee who does not accept the  
3 trusteeship within a reasonable time after knowing of the designation is considered  
4 to have rejected the trusteeship.

5           (3) A person designated as trustee, without accepting the trusteeship, may do  
6 any of the following:

7           (a) Act to preserve the trust property if, within a reasonable time after acting,  
8 the person sends a declination of the trusteeship in writing to the settlor or, if the  
9 settlor is dead or incapacitated, to the designated cotrustee, or, if none, to the  
10 successor trustee, or, if none, to a distributee or a permissible distributee of the trust.

11           (b) Inspect or investigate trust property to determine potential liability under  
12 environmental or other law or for any other purpose.

13           **SECTION 123.** 701.0702 of the statutes is created to read:

14           **701.0702 Trustee's bond.** (1) A trustee shall give bond to secure performance  
15 of the trustee's duties only if the court finds that a bond is needed to protect the  
16 interests of the beneficiaries or is required by the terms of the trust and the court has  
17 not dispensed with the requirement.

18           (2) The court may specify the amount of a bond, its liabilities, and whether  
19 sureties are necessary. The court may modify or terminate a bond at any time.

20           (3) A court may not require a bond from a trust company bank, state bank, or  
21 national bank that is authorized to exercise trust powers and that has complied with  
22 s. 220.09 or 223.02 nor shall a bond be required of a religious, charitable, or  
23 educational corporation or society.

24           **SECTION 124.** 701.0703 of the statutes is created to read:

25           **701.0703 Cotrustees.** (1) Cotrustees may act only by majority decision.

**BILL**

1           (2) If a vacancy occurs in a cotrusteeship, as provided under s. 701.0704, a  
2 majority of the remaining cotrustees may act for the trust.

3           (3) A cotrustee shall participate in the performance of a trustee's function  
4 unless the cotrustee is unavailable to perform the function because of absence,  
5 illness, disqualification under other law, or the cotrustee is otherwise temporarily  
6 incapacitated or the cotrustee has properly delegated the performance of the  
7 function to another trustee.

8           (4) If a cotrustee is unavailable to perform duties because of absence, illness,  
9 disqualification under other law, or the cotrustee is otherwise temporarily  
10 incapacitated, and prompt action is necessary to achieve the purposes of the trust or  
11 to avoid injury to the trust property, the remaining cotrustee or a majority of the  
12 remaining cotrustees may act for the trust.

13           (5) A trustee may delegate to a cotrustee a function unless the delegation is  
14 expressly prohibited by the terms of the trust. Unless a delegation is irrevocable, a  
15 trustee may revoke a delegation previously made.

16           (6) Except as provided in sub. (7), a trustee who does not join in an action of  
17 another trustee is not liable for the action.

18           (7) Each trustee shall exercise reasonable care to do all of the following:

19           (a) Prevent a cotrustee from committing a material breach of trust.

20           (b) Compel a cotrustee to redress a material breach of trust.

21           (8) A dissenting trustee who joins in an action at the direction of the majority  
22 of the trustees and who notified all cotrustees of the dissent at or before the time of  
23 the action is not liable for the action unless the action is a material breach of trust.

24           **SECTION 125.** 701.0704 of the statutes is created to read:

**BILL****SECTION 125**

1           **701.0704 Vacancy in trusteeship; appointment of successor.** (1) A  
2 vacancy in a trusteeship exists if any of the following occurs:

- 3           (a) A person designated as trustee declines the trusteeship.  
4           (b) A person designated as trustee cannot be identified or does not exist.  
5           (c) A trustee resigns.  
6           (d) A trustee is disqualified or removed.  
7           (e) A trustee dies.  
8           (f) A guardian or conservator is appointed for an individual serving as trustee.

9           (2) If one or more cotrustees remain in office, a vacancy in a trusteeship does  
10 not need to be filled. A vacancy in a trusteeship shall be filled if the trust has no  
11 remaining trustee.

12           (3) A vacancy in a trusteeship that is required to be filled shall be filled in the  
13 following order of priority:

- 14           (a) By a person designated in the terms of the trust to act as successor trustee.  
15           (b) By a person appointed by unanimous agreement of the qualified  
16 beneficiaries, except that, if the trust is a trust for an individual with a disability, the  
17 person appointed under this paragraph may not be the individual with a disability,  
18 his or her spouse, or a relative of the individual with a disability who is legally  
19 responsible for his or her support.

20           (c) By a person appointed by the court.

21           (4) Whether or not a vacancy in a trusteeship exists or is required to be filled,  
22 the court may appoint an additional trustee, directing party, or trust protector  
23 whenever the court considers the appointment necessary for the administration of  
24 the trust.

25           **SECTION 126.** 701.0705 of the statutes is created to read:

**BILL**

1           **701.0705 Resignation of trustee.** (1) A trustee may resign in any of the  
2 following manners:

3           (a) Upon at least 30 days' notice to the qualified beneficiaries, the settlor, if  
4 living, each cotrustee, each trust protector, and each directing party.

5           (b) With the approval of the court.

6           (2) In approving a resignation, the court may issue orders and impose  
7 conditions reasonably necessary for the protection of the trust property.

8           (3) Any liability of a resigning trustee or of any sureties on the trustee's bond  
9 for acts or omissions of the trustee is not discharged or affected by the trustee's  
10 resignation.

11           **SECTION 127.** 701.0706 of the statutes is created to read:

12           **701.0706 Removal of trustee.** (1) The settlor, a cotrustee, or a qualified  
13 beneficiary may request the court to remove a trustee, or a trustee may be removed  
14 by the court on its own initiative.

15           (2) The court may remove a trustee if any of the following applies:

16           (a) The trustee has committed a material breach of trust.

17           (b) A lack of cooperation among cotrustees substantially impairs the  
18 administration of the trust.

19           (c) The court determines that removal of the trustee best serves the interests  
20 of the beneficiaries because of unfitness, unwillingness, or persistent failure of the  
21 trustee to administer the trust effectively.

22           (d) There has been a substantial change of circumstances or removal is  
23 requested by all of the qualified beneficiaries, the court finds that removal of the  
24 trustee best serves the interests of all of the beneficiaries and is not inconsistent with

**BILL****SECTION 127**

1 a material purpose of the trust, and a suitable cotrustee or successor trustee is  
2 available.

3 (3) Pending a final decision on a request to remove a trustee, or in lieu of or in  
4 addition to removing a trustee, the court may order such appropriate relief under s.  
5 701.1001 (2) as may be necessary to protect the trust property or the interests of the  
6 beneficiaries.

7 **SECTION 128.** 701.0707 of the statutes is created to read:

8 **701.0707 Delivery of property by former trustee.** (1) Unless a cotrustee  
9 remains in office or the court otherwise orders, and until the trust property is  
10 delivered to a successor trustee or other person entitled to it, a trustee who has  
11 resigned or been removed has the duties of a trustee and the powers necessary to  
12 protect the trust property.

13 (2) A trustee who has resigned or been removed shall proceed expeditiously to  
14 deliver the trust property within the trustee's possession to the cotrustee, successor  
15 trustee, or other person entitled to it.

16 **SECTION 129.** 701.0708 of the statutes is created to read:

17 **701.0708 Compensation of trustee.** (1) If the terms of a trust do not specify  
18 the trustee's compensation, a trustee is entitled to compensation that is reasonable  
19 under the circumstances.

20 (2) If the terms of a trust specify the trustee's compensation or refer to another  
21 ascertainable source for determining that compensation, the trustee is entitled to be  
22 compensated as specified, but the court may allow more or less compensation if any  
23 of the following applies:

24 (a) The duties of the trustee are substantially different from those  
25 contemplated when the trust was created.



**BILL**

1 (b) The compensation specified by the terms of the trust would be unreasonably  
2 low or high.

3 (3) If the trustee has rendered other services in connection with the  
4 administration of the trust, the trustee may receive reasonable compensation for the  
5 other services rendered, in addition to reasonable compensation as trustee.

6 **SECTION 130.** 701.0709 of the statutes is created to read:

7 **701.0709 Reimbursement of expenses.** (1) A trustee is entitled to be  
8 reimbursed out of the trust property, with interest as appropriate, for all of the  
9 following:

10 (a) Expenses that were properly incurred in the administration of the trust.

11 (b) To the extent necessary to prevent unjust enrichment of the trust, expenses  
12 that were not properly incurred in the administration of the trust.

13 (2) An advance by the trustee of money for the protection of the trust gives rise  
14 to a lien against trust property to secure reimbursement with reasonable interest.

15 **SECTION 131.** 701.0710 of the statutes is created to read:

16 **701.0710 Title of trust property.** A settlor or transferor may effectively  
17 transfer property to a trust by placing legal title of the property in the name of the  
18 trustee, which shall include any successor trustee regardless of whether a successor  
19 trustee is referenced in the transfer document. A transfer that places legal title in  
20 the name of the trust itself places legal title in the name of the trustee.

21 **SECTION 132.** 701.08 of the statutes is renumbered 701.0419 and amended to  
22 read:

23 **701.0419 Transfers to living trusts.** (1) **VALIDITY AND EFFECT.** The order of  
24 execution of a living trust instrument and a will or other instrument purporting to  
25 transfer or appoint property to the trust evidenced by the trust instrument shall be

**BILL****SECTION 132**

1 disregarded in determining the validity of the transfer or appointment. No reference  
2 in any will to a living trust shall cause assets in such trust to be included in property  
3 administered as part of the testator's estate; ~~nor shall it cause the trust or any~~  
4 ~~portion thereof to be treated as a testamentary trust.~~

5 (2) GOVERNING TERMS. Property transferred or appointed by a will or by a  
6 beneficiary designation under an employee benefit plan, life insurance policy, or  
7 other instrument permitting designation of a beneficiary to a living trust, ~~the terms~~  
8 ~~of which the testator or designator was the sole holder of a power to modify,~~ shall be  
9 administered in accordance with the terms of the trust as ~~they~~ the terms of the trust  
10 may have been modified prior to the testator's or designator's death, even though the  
11 will ~~or~~ beneficiary designation, or other instrument was not reexecuted or  
12 republished after exercise of the power to modify, unless the will ~~or~~ beneficiary  
13 designation, or other instrument expressly provides otherwise. ~~Such property~~  
14 ~~transferred or appointed to a living trust, which is subject to a power of modification~~  
15 ~~requiring action or consent of a person other than the testator or designator, shall be~~  
16 ~~administered in accordance with the terms of the trust instrument as they exist at~~  
17 ~~the execution of the will or beneficiary designation, unless expressly otherwise~~  
18 ~~provided. If the will or beneficiary designation expressly provides that the property~~  
19 ~~shall be administered in accordance with the terms of the trust instrument as they~~  
20 ~~may be modified thereafter, the will or beneficiary designation need not be~~  
21 ~~reexecuted or republished after exercise of the power to modify.~~

22 (3) DISPOSITION WHEN NO EXISTING LIVING TRUST. If at the death of a testator a  
23 living trust has been completely revoked, or otherwise terminated, a provision in the  
24 testator's will purporting to transfer or appoint property to ~~such~~ the trust shall have  
25 the following effect, unless the will provides otherwise:

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1 (a) If the testator was a necessary party to the revocation or other termination  
2 of such the trust, the provision in the testator's will shall be invalid.

3 (b) If the testator was not a necessary party to the revocation or other  
4 termination of such trust, the provision in the testator's will shall be deemed to  
5 create a ~~testamentary~~ trust upon the terms of the ~~living~~ trust instrument at the time  
6 the will was executed or as otherwise provided where sub. (2) is applicable.

7 **SECTION 133.** Subchapter VIII (title) of chapter 701 [precedes 701.0801] of the  
8 statutes is created to read:

9 **CHAPTER 701**

10 **SUBCHAPTER VIII**

11 **DUTIES AND POWERS OF TRUSTEES,**

12 **DIRECTING PARTIES, AND**

13 **TRUST PROTECTORS**

14 **SECTION 134.** 701.0801 of the statutes is created to read:

15 **701.0801 Duty to administer trust.** Upon acceptance of a trusteeship, the  
16 trustee shall administer the trust in good faith, in accordance with its terms and  
17 purposes and the interests of the beneficiaries, and in accordance with this chapter.

18 **SECTION 135.** 701.0802 of the statutes is created to read:

19 **701.0802 Duty of loyalty. (1)** A trustee shall administer the trust solely in  
20 the interests of the beneficiaries.

21 **(2)** Subject to the rights of persons dealing with or assisting the trustee as  
22 provided in s. 701.1012, a sale, encumbrance, or other transaction that involves the  
23 investment or management of trust property and is entered into by the trustee for  
24 the trustee's own personal account or that is otherwise affected by a conflict between

**BILL****SECTION 135**

1 the trustee's fiduciary and personal interests is voidable by a beneficiary affected by  
2 the transaction unless any of the following applies:

3 (a) The transaction was authorized by the terms of the trust.

4 (b) The transaction was approved by the court.

5 (c) The beneficiary did not commence a judicial proceeding within the time  
6 allowed by s. 701.1005.

7 (d) The beneficiary consented to the trustee's conduct, ratified the transaction,  
8 or released the trustee in compliance with s. 701.1009.

9 (e) The transaction involves a contract entered into or claim acquired by the  
10 trustee before the person became trustee.

11 **(3)** A sale, encumbrance, or other transaction involving the investment or  
12 management of trust property is presumed to be affected by a conflict between  
13 personal and fiduciary interests if it is entered into by the trustee with any of the  
14 following:

15 (a) The trustee's spouse.

16 (b) The trustee's descendants, siblings, parents, or their spouses.

17 (c) An agent or attorney of the trustee.

18 (d) A corporation or other person or enterprise in which the trustee, or a person  
19 that owns a significant interest in the trustee, has an interest that might affect the  
20 trustee's best judgment.

21 **(4)** A transaction not concerning trust property in which the trustee engages  
22 in the trustee's individual capacity involves a conflict between personal and fiduciary  
23 interests if the transaction concerns an opportunity properly belonging to the trust.

24 **(5)** An investment by a trustee in securities of an investment company or  
25 investment trust to which the trustee, or its affiliate, provides services in a capacity

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1 other than as trustee is not presumed to be affected by a conflict between personal  
2 and fiduciary interests if the investment otherwise complies with the prudent  
3 investor rule in s. 881.01. In addition to receiving compensation for acting as trustee,  
4 the trustee may be compensated by the investment company or investment trust for  
5 providing those services out of fees charged to the trust. If the trustee receives  
6 compensation from the investment company or investment trust for providing  
7 investment advisory or investment management services, the trustee shall at least  
8 annually notify the persons entitled to receive a copy of the trustee's report under s.  
9 701.0813 (3) of the rate and method by which that compensation was determined.

10 (6) In voting shares of stock or in exercising powers of control over similar  
11 interests in other forms of enterprise, the trustee shall act in the best interests of the  
12 beneficiaries. If the trust is the sole owner of a corporation or other form of  
13 enterprise, the trustee shall elect or appoint directors or other managers who will  
14 manage the corporation or enterprise in the best interests of the beneficiaries.

15 (7) This section does not preclude the following transactions, if fair to the  
16 beneficiaries:

17 (a) An agreement between a trustee and a beneficiary relating to the  
18 appointment or compensation of the trustee.

19 (b) Payment of reasonable compensation to the trustee.

20 (c) A transaction between a trust and another trust, a decedent's estate, a  
21 guardianship of the estate, a conservatorship, or a custodianship of which the trustee  
22 is a fiduciary or in which a beneficiary has an interest.

23 (d) A deposit of trust money in a regulated financial-service institution  
24 operated by the trustee.

25 (e) An advance by the trustee of money for the protection of the trust.

**BILL****SECTION 135**

1           (8) The court may appoint a trustee, trust protector, or directing party to make  
2 a decision with respect to any proposed transaction that might violate this section  
3 if entered into by the trustee.

4           **SECTION 136.** 701.0803 of the statutes is created to read:

5           **701.0803 Impartiality.** If a trust has 2 or more beneficiaries, the trustee shall  
6 act impartially in investing, managing, and distributing the trust property, giving  
7 due regard to the beneficiaries' respective interests and the purposes and terms of  
8 the trust.

9           **SECTION 137.** 701.0804 of the statutes is created to read:

10          **701.0804 Prudent administration.** A trustee shall administer the trust as  
11 a prudent person would, by considering the purposes, terms, distributional  
12 requirements, and other circumstances of the trust. In satisfying this standard, the  
13 trustee shall exercise reasonable care, skill, and caution.

14          **SECTION 138.** 701.0805 of the statutes is created to read:

15          **701.0805 Costs of administration.** In administering a trust, the trustee may  
16 incur only costs that are reasonable in relation to the trust property, the purposes of  
17 the trust, the skills of the trustee, and the complexity of the trust administration.

18          **SECTION 139.** 701.0806 of the statutes is created to read:

19          **701.0806 Trustee's skills.** A trustee who has special skills or expertise, or is  
20 named trustee in reliance upon the trustee's representation that the trustee has  
21 special skills or expertise, shall use those special skills or expertise.

22          **SECTION 140.** 701.0807 of the statutes is created to read:

23          **701.0807 Delegation by trustee.** (1) A trustee may delegate duties and  
24 powers that a prudent trustee of comparable skills could properly delegate under the

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1 circumstances. The trustee shall exercise reasonable care, skill, and caution in each  
2 of the following:

3 (a) Selecting an agent.

4 (b) Establishing the scope and terms of the delegation, consistent with the  
5 purposes and terms of the trust.

6 (c) Periodically reviewing the agent's actions in order to monitor the agent's  
7 performance and compliance with the terms of the delegation.

8 (2) In performing a delegated function, an agent owes a duty to the trust to  
9 exercise reasonable care to comply with the terms of the delegation.

10 (3) A trustee who complies with sub. (1) is not liable to the beneficiaries or to  
11 the trust for an action of the agent to whom the function was delegated.

12 (4) By accepting a delegation of powers or duties from the trustee of a trust that  
13 is subject to the law of this state, an agent submits to the jurisdiction of the courts  
14 of this state even if the terms of the delegation provide for a different jurisdiction or  
15 venue.

16 (5) This section does not apply to a trustee's delegation of investment and  
17 management functions. A trustee's delegation of investment and management  
18 functions is governed by s. 881.01 (10).

19 **SECTION 141.** 701.0808 of the statutes is created to read:

20 **701.0808 Powers to direct; directing parties.** (1) While a trust is  
21 revocable, the trustee may follow a direction of the settlor that is contrary to the  
22 terms of the trust.

23 (2) A settlor in a trust instrument, a court in a trust instrument or court order,  
24 or interested persons in a nonjudicial settlement agreement may appoint a directing  
25 party to direct the trustee on investment or distribution decisions or to make

**BILL****SECTION 141**

1 investment or distribution decisions regarding directed trust property. If a trustee  
2 acts in accordance with the direction of a directing party or fails to act due to lack of  
3 direction from a directing party, the trustee is not liable for any loss resulting directly  
4 or indirectly from any action taken or omitted with respect to the direction or lack  
5 of direction except for acts or omissions that are a result of the trustee's willful  
6 misconduct.

7 (3) A trustee does not have a duty to do any of the following:

8 (a) Provide advice to, consult with, monitor, or evaluate a directing party's  
9 conduct.

10 (b) Inform or warn a beneficiary, a 3rd party, or a directing party that the  
11 trustee disagrees with any of the directing party's actions or directions.

12 (c) Prevent a directing party from giving a direction or taking any action.

13 (d) Compel a directing party to redress the directing party's actions or  
14 directions.

15 (4) The administrative actions of a trustee related to matters within the scope  
16 of a directing party's power, including confirming that the directing party's directions  
17 have been carried out and recording and reporting actions taken pursuant to the  
18 directing party's direction, do not constitute either monitoring the directing party's  
19 actions or participating in the actions of the directing party.

20 (5) A directing party is a fiduciary and is required to act in good faith with  
21 regard to the terms of the trust and the interests of the beneficiaries. A directing  
22 party is liable for any loss that results from a breach of any of the directing party's  
23 fiduciary duties.

24 (6) (a) A directing party may request information about the trust from the  
25 trustee and, if the requested information is related to a power granted to the



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1 directing party, the trustee shall provide the requested information to the directing  
2 party. If a trustee is bound by any confidentiality restrictions with respect to  
3 information requested by a directing party, the trustee may require that the  
4 directing party agree to be bound by the confidentiality restrictions before delivering  
5 such information to the directing party. A trustee is not liable to any beneficiary for  
6 any loss or damages resulting from the trustee providing information to the directing  
7 party that is related to the power granted to the directing party.

8 (b) Except as otherwise provided in this chapter, a trustee does not have a duty  
9 to provide any information to the directing party that the directing party does not  
10 request.

11 (7) PAYMENT OR REIMBURSEMENT OF ATTORNEY FEES AND COSTS. A trustee shall,  
12 in accordance with s. 701.1004, pay or reimburse a directing party for attorney fees  
13 and costs to defend any claim made against the directing party.

14 (8) Sections 701.0701, 701.0708, 701.0709, 701.1001 to 701.1003, and 701.1005  
15 to 701.1010 apply to a directing party as if the directing party was a trustee.

16 (9) A person who accepts an appointment as a directing party of a trust submits  
17 to the jurisdiction of the courts of this state, as provided in s. 701.0202 (1).

18 **SECTION 142.** 701.0809 of the statutes is created to read:

19 **701.0809 Control and protection of trust property.** A trustee shall take  
20 reasonable steps to take control of and protect the trust property.

21 **SECTION 143.** 701.0810 of the statutes is created to read:

22 **701.0810 Record keeping and identification of trust property.** (1) A  
23 trustee shall keep adequate records of the administration of the trust.

24 (2) A trustee shall keep trust property separate from the trustee's own  
25 property.

**BILL****SECTION 143**

1           **(3)** Except as otherwise provided in sub. (4), a trustee shall cause the trust  
2 property to be designated so that the interest of the trust, to the extent feasible,  
3 appears in records maintained by a party other than a trustee or beneficiary.

4           **(4)** If the trustee maintains records clearly indicating the respective interests,  
5 a trustee may invest as a whole the property of 2 or more separate trusts.

6           **SECTION 144.** 701.0811 of the statutes is created to read:

7           **701.0811 Enforcement and defense of claims.** A trustee shall take  
8 reasonable steps to enforce claims of the trust known to the trustee and to defend  
9 claims against the trust known to the trustee.

10          **SECTION 145.** 701.0812 of the statutes is created to read:

11          **701.0812 Collecting trust property; duties of successor trustees.** **(1)** A  
12 trustee shall take reasonable steps to compel a former trustee or other person to  
13 deliver trust property to the trustee, and to redress a breach of trust known to the  
14 trustee to have been committed by a trustee or former trustee, or a trust protector  
15 or former trust protector.

16          **(2)** A successor trustee does not have a duty to examine the accounts of a former  
17 trustee.

18          **SECTION 146.** 701.0813 of the statutes is created to read:

19          **701.0813 Duty to inform and report.** **(1)** A trustee shall keep the  
20 distributees or permissible distributees of trust income or principal, and other  
21 qualified beneficiaries who so request, reasonably informed about the  
22 administration of the trust. Unless unreasonable under the circumstances, a trustee  
23 shall promptly respond to a qualified beneficiary's request for information related to  
24 the administration of the trust.

25          **(2)** A trustee shall do all of the following: