



Senate

File No. 899

General Assembly

January Session, 2007

(Reprint of File No. 590)

Substitute Senate Bill No. 1047
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 31, 2007

AN ACT CONCERNING THE CONNECTICUT UNIFORM TRANSFERS TO MINORS ACT.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 45a-558k of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) A custodian may deliver or pay to the minor or expend for the
4 minor's benefit so much of the custodial property as the custodian
5 considers advisable for the use and benefit of the minor, without court
6 order and without regard to (1) the duty or ability of the custodian
7 personally or of any other person to support the minor, or (2) any
8 other income or property of the minor which may be applicable or
9 available for that purpose.

10 (b) A custodian may distribute all or part of the custodial property
11 to a trust, including a trust created by the custodian, at any time and
12 without court order, provided: (1) The custodian has a good faith belief
13 that such distribution of all or part of the custodial property to a trust
14 is in the best interest of the minor; (2) the minor is the sole beneficiary
15 of the trust during the minor's lifetime; (3) the trust satisfies the

16 requirements of Section 2503(c) of the Internal Revenue Code of 1986,
17 or any subsequent corresponding internal revenue code of the United
18 States, as from time to time amended, and the regulations
19 implementing said section; and (4) if the terms of the trust grant to the
20 minor a right to withdraw the trust assets upon the minor's attainment
21 of twenty-one years of age, (A) such terms shall also grant to the minor
22 a right to withdraw any remaining trust assets upon the minor's
23 attainment of twenty-five years of age, (B) the trustee shall notify the
24 minor in writing, by certified mail or similar means of delivery, of such
25 right to withdraw (i) on or before the minor's attainment of twenty-one
26 years of age, and (ii) if there are any remaining trust assets thereafter,
27 on or before the minor's attainment of twenty-five years of age, and (C)
28 the time period during which such withdrawal may be made shall not
29 be less than thirty days from the date the minor attains the applicable
30 age specified in subparagraph (B) of this subdivision or the date the
31 minor receives the applicable notification required by said
32 subparagraph, whichever date is later. Any such right to withdraw
33 shall not lapse if the applicable notification required by subparagraph
34 (B) of subdivision (4) of this subsection is not received by the minor.
35 Any distribution to a trust pursuant to this subsection terminates the
36 custodianship to the extent of the custodial property so distributed.
37 The provisions of this subsection shall apply to any custodianship
38 under sections 45a-557 to 45a-560b, inclusive, in existence on or after
39 the effective date of this section.

40 [(b)] (c) On petition of an interested person or the minor if the minor
41 has attained the age of twelve years, the court may order the custodian
42 to deliver or pay to the minor or expend for the minor's benefit so
43 much of the custodial property as the court considers advisable for the
44 use and benefit of the minor.

45 [(c)] (d) A delivery, payment, [or] expenditure or distribution under
46 this section is in addition to, not in substitution for, and does not affect
47 any obligation of a person to support the minor.

48 Sec. 2. Section 45a-559e of the general statutes is repealed and the

49 following is substituted in lieu thereof (*Effective October 1, 2007*):

50 The custodian shall transfer in an appropriate manner the custodial
51 property to the minor, the legal representative of the minor or the
52 personal representative of the minor's estate upon the earlier of (1) the
53 minor's attainment of twenty-one years of age, or (2) the minor's death,
54 unless a prior distribution of the custodial property has been made
55 pursuant to subsection (b) of section 45a-558k, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	45a-558k
Sec. 2	<i>October 1, 2007</i>	45a-559e

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill is not expected to have a revenue impact since it does not alter the tax laws regarding gifts to minors.

House Amendment "A" made a procedural change regarding the withdrawal of assets from certain trusts, and has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 1047 (as amended by House "A")******AN ACT CONCERNING THE CONNECTICUT UNIFORM TRANSFERS TO MINORS ACT.*****SUMMARY:**

The Uniform Transfers to Minors Act allows a person to transfer property to a custodian for the benefit of a minor. The custodian manages the property and can distribute money to or for the benefit of the minor.

Under current law, the custodian must transfer the property to the minor when the minor turns 21. This bill gives the custodian the option to distribute all or part of the property to a trust, at any time before the minor turns 21 and without court order, under certain conditions. The conditions are that:

1. the custodian has a good faith belief that the distribution to the trust is in the minor's best interest;
2. the trust make the minor the sole beneficiary during the minor's life;
3. it meets federal tax requirements that (a) the trust authorize the property to be expended by or for the benefit of the minor before age 21 and (b) the property pass to the minor at age 21 or the minor's estate if he or she dies before age 21, but the minor can extend the trust on turning 21; and
4. if the trust's terms give the minor the right to withdraw the assets at age 21, the trust must also give the minor the right to

withdraw assets at age 25 and the trustee must give the minor written notice of the withdrawal right by certified mail or similar means on or before age 21 and, if assets remain, on or before age 25.

Regarding the right to withdrawal, the bill provides that the right does not lapse unless the minor receives notice and the time allowed for withdrawal is at least 30 days after the minor turns the applicable age or receives notice, whichever is later. The right to withdraw does not lapse if the minor does not receive notice.

The bill provides that a distribution to a trust in this manner terminates the custodianship for the distributed property.

As for deliveries, payments, or expenditures under current law, the bill provides that a distribution is in addition to and does not substitute for or affect anyone's obligation to support a minor.

*House Amendment "A" (1) requires the custodian to have a good faith belief that distributing some or all of the custodial property to the trust is in the minor's best interest; (2) adds provisions about the right to withdraw remaining assets at age 25; and (3) specifies that the right to withdraw does not lapse if the minor does not receive notice.

EFFECTIVE DATE: October 1, 2007

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 42 Nay 1 (04/10/2007)