



CONNECTICUT BANKERS ASSOCIATION

March 3, 2008

To: Members of the Judiciary Committee

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow and Fritz Conway

Re: Senate Bill 508, An Act Adopting the Connecticut Uniform Trust Code and Establishing an Alternative Rule Against Perpetuities.

Position: Support With Changes

The Connecticut Bankers Association represents 64 banks throughout the State and is the collective voice of the industry in Connecticut. Banks in this State manage billions of dollars in investments, much of that in trusts that name banks as trustee.

The CBA has worked with the proponents of the Uniform Trust Code in an attempt to craft a mutually acceptable version of the UTC, which would respect the 200 years of common law governing trusts in Connecticut, while modernizing its trust statutes. One goal was to ensure that the path to creating a trust or moving a trust to Connecticut would be clear and desirable for settlors (those who have the money and wish to create a trust). Also, it is important that the settlors' expectations of privacy would continue to be respected. Other goals were to ensure that a trustee's duties in administering a trust were unambiguous, and that beneficiaries would have some additional protections that do not interfere with the settlor's expectations of a trust's permanency.

The trust market is extremely competitive, and settlors can and will easily set up or move their trusts to another state if it's perceived that Connecticut does not have a favorable set of trust laws. The strength of a state's trust laws to enforce a settlor's intent is a key factor in that location decision, as are the limits that a state sets on the duration of a trust. In addition to the Uniform Trust Code, Senate Bill 508, incorporates the Alternative Rule Against Perpetuities, which lengthens the time period that a trust can remain in existence. Florida, Delaware, and New Hampshire are states that have attracted Connecticut settlors with significant wealth in recent years, because of the longer term trusts available there for the settlors descendants. Adoption of the ARAP provisions proposed in S.B. 508 would put Connecticut on a level playing field with those states.

With these considerations in mind, the CBA has negotiated with the proponents of the bill, and worked out what we feel is a generally acceptable version of the UTC that respects settlors' privacy and permanency and provides safeguards for trustees and beneficiaries. The version is before the Committee in the form of Senate Bill 508 and, with certain final adjustments to dovetail the trustee removal provisions to the existing statutes, we urge your support of this proposal.