

February 25, 1999

H 146. UNIFORM PRUDENT INVESTOR ACT. TO BE KNOWN AS THE NORTH CAROLINA UNIFORM PRUDENT INVESTOR ACT, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION. Adds new Art. 15 to GS Ch. 36A, adopting the Uniform Prudent Investor Act, for all types of trusts except constructive and resulting trusts. Does not apply to following trusts unless trust specifically refers to Article: federal employee retirement trusts; trusts created by legislative acts; trusts pursuant to premarital or postmarital agreements; transfers under Uniform Transfers to Minors Act; transfers to Uniform Custodial Trust Act; or trusts for pets or cemetery trusts. Provides that trustee owes a duty to the beneficiaries of the trust to comply with prudent investor rule. Requires trustee to invest and manage trust assets as a prudent investor by considering purposes and terms of trust and sets standard of trustee as exercising reasonable care, skill and caution. Provides that trustee's decision regarding individual assets must be evaluated in the context of the trust portfolio as a whole and the overall investment strategy. In investing and managing assets, trustee must consider general economic conditions, possible effect of inflation or deflation, expected tax consequences of decisions, role that each investment plays in overall trust portfolio, expected return, and needs for liquidity. A trustee who is chosen in reliance on that trustee's special skills or expertise has a duty to use those special skills or expertise. Requires trustee to diversify investments unless purposes of trust are better served without diversifying. Requires trustee to invest and manage the trust assets solely in the interest of the beneficiaries. Provides that prudent investor rule is determined in light of facts existing at the time of the trustee's decision. Specifies when and how trustee can delegate functions to an agent. Effective Jan. 1, 2000; applies to trusts existing on that date as well as those created on or after that date.

Intro. by Culpepper.

Ref. to Judiciary IV

GS 36A