

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 450
PROPOSED COMMITTEE SUBSTITUTE S450-PCS35299-TG-15

Short Title: Uniform Trust Decanting Act. (Public)

Sponsors:

Referred to:

March 29, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO ADOPT THE NORTH CAROLINA UNIFORM TRUST DECANTING ACT.
3 The General Assembly of North Carolina enacts:

4 SECTION 1. Chapter 36C of the General Statutes is amended by adding a new
5 Article to read:

6 "Article 8B.

7 "North Carolina Uniform Trust Decanting Act.

8 "§ 36C-8B-1. Short title.

9 This Article shall be known and may be cited as the North Carolina Uniform Trust
10 Decanting Act.

11 "§ 36C-8B-2. Definitions.

12 The following definitions apply to this Article, unless the context clearly requires
13 otherwise:

- 14 (1) Authorized fiduciary. – A trustee or other fiduciary, other than a settlor, that
15 has discretion to distribute or direct a trustee to distribute part or all of the
16 principal of the first trust to one or more current beneficiaries. The term also
17 includes a special fiduciary appointed under G.S. 36C-8B-9 or a
18 special-needs fiduciary under G.S. 36C-8B-13.
19 (2) Current beneficiary. – A beneficiary that, on the date the beneficiary's
20 qualification is determined, is a distributee or permissible distributee of trust
21 income or principal.
22 (3) Decanting power. – The power of an authorized fiduciary under this Article
23 to distribute property of a first trust to one or more second trusts or to
24 modify the terms of the first trust.
25 (4) First trust. – A trust over which an authorized fiduciary may exercise the
26 decanting power.
27 (5) Second trust. – A first trust after modification pursuant to this Article or a
28 trust to which a distribution of property from a first trust is or may be made
29 pursuant to this Article.

30 "§ 36C-8B-3. Scope.

31 (a) Except as otherwise provided in this section, this Article applies to an express trust
32 that is irrevocable or revocable by the settlor only with the consent of the trustee or a person
33 holding an adverse interest.

34 (b) This Article shall not apply to a trust held solely for charitable purposes as described
35 in G.S. 36C-4-405(a).



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1 (c) Subject to G.S. 36C-8B-15, a trust instrument may restrict or prohibit exercise of the
2 decanting power.

3 (d) This Article shall not limit the power of a trustee, power holder, or other person to
4 distribute or appoint property in further trust or to modify a trust under the trust instrument, law
5 of this State other than this Article, common law, a court order, or a nonjudicial settlement
6 agreement.

7 (e) This Article shall not affect the ability of a settlor to provide in a trust instrument for
8 the distribution of the trust property or appointment in further trust of the trust property or for
9 modification of the trust instrument.

10 **"§ 36C-8B-4. Fiduciary duty.**

11 (a) In exercising the decanting power, an authorized fiduciary shall act in accordance
12 with its fiduciary duties, including the duty to act in accordance with the purposes of the first
13 trust.

14 (b) This Article does not create or imply a duty to exercise the decanting power or to
15 inform beneficiaries about the applicability of this Article.

16 (c) Except as otherwise provided in the terms of the first trust, for purposes of this
17 Article, G.S. 36C-8-801, and G.S. 36C-8-802(a), the terms of the first trust shall be deemed to
18 include the decanting power.

19 **"§ 36C-8B-5. Application; governing law.**

20 This Article shall apply to a trust that meets any of the following criteria:

21 (1) The trust has its principal place of administration in this State, including a
22 trust that has had its principal place of administration changed to this State.

23 (2) The trust provides by its trust instrument that it is governed by the law of
24 this State or is governed by the law of this State for any of the following
25 purposes:

26 a. Administration, including administration of a trust that has had its
27 governing law for purposes of administration changed to this State.

28 b. Construction of terms of the trust.

29 c. Determination of the meaning or effect of terms of the trust.

30 **"§ 36C-8B-6. Reasonable reliance.**

31 A trustee or other person that reasonably relies on the validity of the exercise of a decanting
32 power under this Article, law of this State other than this Article, or the exercise of a similar
33 power under the law of this State or another jurisdiction shall not be liable to any person for
34 any action or failure to act as a result of the reliance.

35 **"§ 36C-8B-7. Notice; exercise of decanting power.**

36 (a) Except as otherwise provided in this Article, an authorized fiduciary may exercise
37 the decanting power without the consent of any person and without court approval.

38 (b) Except as otherwise provided in this section, an authorized fiduciary shall give
39 written notice of the intended exercise of the decanting power at least 60 days prior to the
40 effective date of the exercise of the decanting power to all of the following:

41 (1) Any settlor as to whom the second trust would be a grantor trust.

42 (2) Each qualified beneficiary of the first trust.

43 (3) Each person that currently has the right to remove or replace the authorized
44 fiduciary.

45 (4) Each other fiduciary of the first trust.

46 (c) The notice required pursuant to subsection (b) of this section shall meet all of the
47 following requirements:

48 (1) Specify the manner in which the authorized fiduciary intends to exercise the
49 decanting power.

50 (2) Specify the proposed effective date for exercise of the power.

51 (3) Include a copy of the first trust.

1 (4) Include a copy of all second trusts.

2 (d) The decanting power may be exercised before expiration of the notice period under
3 subsection (b) of this section if all persons entitled to receive notice waive the period in a
4 signed written instrument.

5 (e) The receipt of notice, waiver of the notice period, or expiration of the notice period
6 shall not affect the right of a person to file an application pursuant to G.S. 36C-8B-9 asserting
7 any of the following:

8 (1) An attempted exercise of the decanting power is ineffective because it did
9 not comply with this Article or was an abuse of discretion or breach of
10 fiduciary duty.

11 (2) The provisions of G.S. 36C-8B-22 apply to the exercise of the decanting
12 power.

13 (f) An exercise of the decanting power shall not be ineffective because of the failure to
14 give notice to one or more persons pursuant to subsection (b) of this section if the authorized
15 fiduciary acted with reasonable care to comply with subsection (b) of this section.

16 **"§ 36C-8B-8. Reserved.**

17 **"§ 36C-8B-9. Court involvement.**

18 (a) An authorized fiduciary, a beneficiary, or a person entitled to notice under
19 G.S. 36C-8B-7(b) may commence a proceeding for any of the following purposes:

20 (1) To approve or disapprove a proposed exercise of the authorized fiduciary's
21 decanting power.

22 (2) To appoint a special fiduciary to exercise the decanting power.

23 (b) Nothing in this section shall affect the right of a person to file an action in the
24 superior court division of the General Court of Justice for declaratory relief under Article 26 of
25 Chapter 1 of the General Statutes, including, but not limited to, an action to determine the
26 extent to which G.S. 36C-8B-22 applies to a prior exercise of the decanting power.

27 **"§ 36C-8B-10. Formalities.**

28 An exercise of the decanting power shall be made in a written instrument signed by an
29 authorized fiduciary. The signed written instrument shall identify, directly or by reference to
30 the notice required by G.S. 36C-8B-7, the first trust and the second trust or trusts and state the
31 property of the first trust being distributed to each second trust and the property, if any, that
32 remains in the first trust.

33 **"§ 36C-8B-11. Decanting power.**

34 (a) The following definitions apply to this section:

35 (1) Noncontingent right. – A right that is not subject to the exercise of discretion
36 or the occurrence of a specified event that is not certain to occur. The term
37 does not include a right held by a beneficiary if any person has discretion to
38 distribute property subject to the right to any person other than the
39 beneficiary or the beneficiary's estate.

40 (2) Vested interest. – An interest where any of the following exist:

41 a. A right to a mandatory distribution that is a noncontingent right as of
42 the date of the exercise of the decanting power.

43 b. A current and noncontingent right, annually or more frequently, to a
44 mandatory distribution of (i) income, (ii) a specified dollar amount,
45 or (iii) a percentage of value of some or all of the trust property.

46 c. A current and noncontingent right, annually or more frequently, to
47 withdraw (i) income, (ii) a specified dollar amount, or (iii) a
48 percentage of value of some or all of the trust property.

49 d. A power of withdrawal.

1 e. A right to receive an ascertainable part of the trust property on the
2 trust's termination which is not subject to the exercise of discretion or
3 to the occurrence of a specified event that is not certain to occur.

4 (b) With the exception of a special-needs trust, as provided in G.S. 36C-8B-13, an
5 authorized fiduciary that has distributive discretion over the principal of a first trust for the
6 benefit of one or more current beneficiaries may exercise the decanting power over the
7 principal or income of the first trust, subject to the following limitations:

8 (1) A second trust may not include as a current beneficiary a person that is not a
9 current beneficiary of the first trust, except as provided in subsection (c) of
10 this section.

11 (2) The beneficiaries of a second trust may include only beneficiaries of the first
12 trust, except as provided in subsection (c) of this section.

13 (3) A second trust may not reduce or eliminate a vested interest.

14 (4) If an authorized fiduciary has distributive discretion over principal that is
15 subject to an ascertainable standard, then the powers to distribute income or
16 principal to current beneficiaries in a second trust or trusts shall be subject to
17 the same ascertainable standard as in the first trust and, in the aggregate,
18 shall be exercisable in favor of the same current beneficiaries to whom such
19 distributions could be made in the first trust.

20 (c) Subject to the limitation provided in subdivision (3) of subsection (b) of this section,
21 a second trust may do all of the following:

22 (1) Retain a power of appointment granted in the first trust.

23 (2) Omit a power of appointment granted in the first trust, other than a power of
24 withdrawal.

25 (3) Create or modify a power of appointment if the power holder is a current
26 beneficiary of the first trust who is not the authorized fiduciary and the
27 authorized fiduciary has distributive discretion to distribute principal to the
28 beneficiary.

29 (4) Create or modify a power of appointment if the power holder is a remainder
30 beneficiary of the first trust who is not the authorized fiduciary, but the
31 exercise of the power may take effect only after the power holder becomes,
32 or would have become, if then living, a current beneficiary.

33 (d) A power of appointment described in subsection (c) of this section may be general
34 or nongeneral. The class of permissible appointees in favor of which the power may be
35 exercised may be broader than or different from the beneficiaries of the first trust.

36 (e) If an authorized fiduciary has distributive discretion over part, but not all, of the
37 principal of a first trust, the fiduciary may exercise the decanting power under this section over
38 that part of the principal over which the authorized fiduciary has distributive discretion.

39 (f) For purposes of G.S. 36C-8-814, the first trust shall be deemed to include the
40 decanting power.

41 "**§ 36C-8B-12. Reserved.**

42 "**§ 36C-8B-13. Trust for beneficiary with disability.**

43 (a) The following definitions apply in this section:

44 (1) Beneficiary with a disability. – A beneficiary of a first trust who the
45 special-needs fiduciary believes may qualify, now or in the future, for
46 governmental benefits based on disability, whether or not the beneficiary
47 currently receives those benefits, or is an individual who has been
48 adjudicated incompetent.

49 (2) Governmental benefits. – Financial aid or services from a State, federal, or
50 other public agency.

- 1 (3) Special-needs fiduciary. – With respect to a trust that has a beneficiary with
2 a disability, the term has any of the following meanings:
3 a. A trustee or other fiduciary, other than a settlor, that has discretion to
4 distribute part or all of the principal of a first trust to one or more
5 current beneficiaries.
6 b. If no trustee or fiduciary has discretion as described in
7 sub-subdivision a. of this subdivision, a trustee or other fiduciary,
8 other than a settlor, that has discretion to distribute part or all of the
9 income of the first trust to one or more current beneficiaries.
10 c. If no trustee or fiduciary has discretion as described in
11 sub-subdivisions a. or b. of this subdivision, a trustee or other
12 fiduciary, other than a settlor, that is required to distribute part or all
13 of the income or principal of the first trust to one or more current
14 beneficiaries.
- 15 (4) Special-needs trust. – A trust that the trustee believes would not be
16 considered a resource for purposes of determining whether a beneficiary
17 with a disability is eligible for governmental benefits.
- 18 (b) A special-needs fiduciary may exercise the decanting power provided in
19 G.S. 36C-8B-11 over the principal of a first trust as if the fiduciary had authority to distribute
20 principal to a beneficiary with a disability subject to expanded distributive discretion if both of
21 the following conditions are satisfied:
22 (1) A second trust is a special-needs trust that benefits the beneficiary with a
23 disability.
24 (2) The special-needs fiduciary determines that exercise of the decanting power
25 will further the purposes of the first trust.
- 26 (c) In exercising the decanting power pursuant to this section, all of the following rules
27 apply:
28 (1) Notwithstanding G.S. 36C-8B-11(b)(2), the interest in the second trust of a
29 beneficiary with a disability may have either of the following characteristics:
30 a. Be a pooled trust as defined by Medicaid law for the benefit of the
31 beneficiary with a disability under 42 U.S.C. § 1396p(d)(4)(C).
32 b. Contain payback provisions complying with reimbursement
33 requirements of Medicaid law under 42 U.S.C. § 1396p(d)(4)(A).
34 (2) The restriction contained in G.S. 36C-8B-11(b)(3) shall not apply to the
35 interests of the beneficiary with a disability.
36 (3) Except as affected by any change to the interests of the beneficiary with a
37 disability, the second trust, or if there are two or more second trusts, the
38 second trusts in the aggregate, must grant each other beneficiary of the first
39 trust beneficial interests in the second trusts which are substantially similar
40 to the beneficiary's beneficial interests in the first trust.
- 41 (d) For the purposes of this section, the second trust shall not be deemed a termination
42 of the first trust for the purpose of triggering a payback provision in the first trust provided the
43 second trust contains a payback provision complying with the reimbursement requirement of
44 Medicaid law under 42 U.S.C. § 1396p(d)(4).
- 45 **§ 36C-8B-14. Reserved.**
46 **§ 36C-8B-15. Trust limitation on decanting.**
47 (a) An authorized fiduciary shall not exercise the decanting power to the extent the
48 terms of the first trust expressly prohibit exercise of the decanting power or a power granted by
49 State law to the fiduciary to distribute part or all of the principal of the trust to another trust or
50 to modify the trust.

1 **(b) Exercise of the decanting power shall be subject to any restriction in the terms of the**
2 **first trust that expressly applies to the exercise of the following powers:**

3 **(1) The decanting power, and any such restriction contained in the terms of the**
4 **first trust, shall be included in the terms of the second trust.**

5 **(2) A power granted by State law to a fiduciary to distribute part or all of the**
6 **principal of the trust to another trust or to modify the trust.**

7 **(c) A general prohibition of the amendment or revocation of a first trust, a spendthrift**
8 **clause, or a clause restraining the voluntary or involuntary transfer of a beneficiary's interest**
9 **shall not preclude exercise of the decanting power.**

10 **(d) Subject to subsections (a) and (b) of this section, an authorized fiduciary may**
11 **exercise the decanting power under this Article even if the first trust permits the authorized**
12 **fiduciary or another person to modify the terms of the first trust or to distribute part or all of the**
13 **principal of the first trust to another trust.**

14 **"§ 36C-8B-16. Change in compensation.**

15 **(a) If a first trust specifies an authorized fiduciary's compensation, the fiduciary shall**
16 **not exercise the decanting power to increase the fiduciary's compensation above the specified**
17 **compensation unless either of the following conditions is satisfied:**

18 **(1) All qualified beneficiaries of the second trust consent to the increase in a**
19 **signed written instrument.**

20 **(2) The increase is approved by the clerk of superior court pursuant to**
21 **G.S. 36C-2-203(a)(3).**

22 **(b) For the purposes of this section, a change in an authorized fiduciary's compensation**
23 **which is incidental to other changes made by the exercise of the decanting power shall not be**
24 **deemed an increase in the fiduciary's compensation.**

25 **"§ 36C-8B-17. Relief from liability and indemnification.**

26 **(a) Except as otherwise provided in this section, a second trust shall not relieve an**
27 **authorized fiduciary from liability for breach of trust to a greater extent than the first trust.**

28 **(b) A second trust may provide for indemnification of an authorized fiduciary of the**
29 **first trust or another person acting in a fiduciary capacity under the first trust for any liability or**
30 **claim that would have been payable from the first trust if the decanting power had not been**
31 **exercised.**

32 **(c) A second trust shall not reduce fiduciary liability in the aggregate; provided,**
33 **however, a second trust may divide and reallocate fiduciary powers among fiduciaries,**
34 **including one or more trustees, distribution advisors, investment advisors, trust protectors, or**
35 **other persons, and relieve a fiduciary from liability for an act or failure to act of another**
36 **fiduciary as permitted by the laws of this State other than this Article.**

37 **"§ 36C-8B-18. Removal or replacement of authorized fiduciary.**

38 **An authorized fiduciary may not exercise the decanting power to modify a provision in a**
39 **first trust granting another person power to remove or replace the fiduciary unless one or more**
40 **of the following occur:**

41 **(1) The person holding the power consents to the modification in a signed**
42 **written instrument and the modification applies only to the person holding**
43 **the power.**

44 **(2) The person holding the power and the qualified beneficiaries of the second**
45 **trust consent to the modification in a signed written instrument and the**
46 **modification grants a substantially similar power to another person.**

47 **(3) A court approves the modification and the modification grants a**
48 **substantially similar power to another person.**

49 **"§ 36C-8B-19. Tax-related limitations.**

50 **(a) The following definitions apply in this section:**

- 1 (1) Grantor trust. – A trust as to which a settlor of a first trust is considered the
2 owner under sections 671 through 677 or section 679 of the Internal
3 Revenue Code.
- 4 (2) Nongrantor trust. – A trust that is not a grantor trust.
- 5 (3) Qualified benefits property. – Property subject to the minimum distribution
6 requirements of section 401(a)(9), and any applicable regulations, or to any
7 similar requirements that refer to section 401(a)(9) of the Internal Revenue
8 Code or the regulations.
- 9 (b) An exercise of the decanting power shall be subject to the following limitations:
- 10 (1) If a first trust contains property that qualified, or would have qualified but
11 for the provisions of this Chapter other than this section, for a marital
12 deduction or a charitable deduction for purposes of the gift or estate tax
13 under the Internal Revenue Code or a State gift, estate, or inheritance tax, the
14 second trust must include or omit any term that, if included in or omitted
15 from the trust instrument for the trust to which the property was transferred,
16 would have prevented the transfer from qualifying for the marital deduction
17 or charitable deduction, as the case may be, or would have reduced the
18 amount of the deduction, under the same provisions of the Internal Revenue
19 Code or State law under which the transfer qualified.
- 20 (2) If the first trust contains property that qualified, or would have qualified but
21 for the provisions of this Chapter other than this section, for the exclusion
22 from gift tax described in section 2503(b) of the Internal Revenue Code, or
23 section 2503(b) by the application of section 2503(c) of the Internal Revenue
24 Code, the second trust may not include or omit any term that, if included in
25 or omitted from the trust instrument for the trust to which the property was
26 transferred, would have prevented the transfer from qualifying under section
27 2503(b) or section 2503(c) of the Internal Revenue Code.
- 28 (3) If the property of the first trust includes shares of stock in an S Corporation,
29 as defined in section 1361 of the Internal Revenue Code, the following
30 provisions apply:
- 31 a. If the first trust is, or but for the provisions of this Chapter other than
32 this section would be, a permitted shareholder under any provision of
33 section 1361 of the Internal Revenue Code, an authorized fiduciary
34 may exercise the power with respect to part or all of the S
35 Corporation stock only if any second trust receiving the stock is a
36 permitted shareholder under section 1361(c)(2) of the Internal
37 Revenue Code.
- 38 b. If the first trust is, or but for the provisions of this Chapter other than
39 this section would be, a qualified Subchapter-S trust within the
40 meaning of section 1361(d) of the Internal Revenue Code, the second
41 trust must not include or omit a term that prevents the second trust
42 from qualifying as a qualified Subchapter-S trust.
- 43 (4) If the first trust contains property that qualified, or would have qualified but
44 for the provisions of this Chapter other than this section, for a zero inclusion
45 ratio for purposes of the generation-skipping transfer tax under section
46 2642(c) of the Internal Revenue Code, the second trust must not include or
47 omit a term that, if included in or omitted from the first trust, would have
48 prevented the transfer to the first trust from qualifying for a zero inclusion
49 ratio under section 2642(c) of the Internal Revenue Code.
- 50 (5) If the first trust is directly or indirectly the beneficiary of qualified benefits
51 property, the second trust may not include or omit any term that, if included

1 in or omitted from the first trust, would have increased the minimum
2 distribution required with respect to the qualified benefits property under
3 section 401(a)(9) of the Internal Revenue Code and any applicable
4 regulations thereunder, or similar requirements that refer to section 401(a)(9)
5 of the Internal Revenue Code or the regulations thereunder. If an attempted
6 exercise of the decanting power violates this subdivision, the trustee is
7 deemed to have held the qualified benefits property and any reinvested
8 distributions of the property as a separate share from the date of the exercise
9 of the power and G.S. 36C-8B-22 applies to the separate share.

10 (6) The following provisions apply to a grantor trust:

- 11 a. If the first trust qualifies as a grantor trust because of the application
12 of section 672(f)(2)(A) of the Internal Revenue Code, the second
13 trust may not include or omit a term that, if included in or omitted
14 from the first trust, would have prevented the first trust from
15 qualifying under section 672(f)(2)(A) of the Internal Revenue Code.
16 b. Subject to subdivision (3) of this subsection relating to S corporation
17 stock, (i) except as otherwise provided in sub-subdivision a. of this
18 subdivision, the second trust may be a nongrantor trust even if the
19 first trust is a grantor trust, and (ii) except as otherwise provided in
20 sub-subdivision c. of this subdivision, the second trust may be a
21 grantor trust even if the first trust is a nongrantor trust.
22 c. An authorized fiduciary may not exercise the decanting power if the
23 settlor objects in a signed written instrument delivered to the
24 fiduciary within the notice period and (i) the first trust and the second
25 trust are both grantor trusts, in whole or in part, and the first trust
26 grants the settlor or another person the power to cause the first trust
27 to cease to be a grantor trust, and the second trust does not grant an
28 equivalent power to the settlor or another person, or (ii) the first trust
29 is a nongrantor trust and the second trust is a grantor trust, in whole
30 or in part, with respect to the settlor, unless the settlor has the power
31 at all times to cause the trust to cease to be a grantor trust, or the first
32 trust contains a provision granting the settlor or another person a
33 power that would cause the first trust to cease to be a grantor trust
34 and the second trust contains the same provision.

35 (7) For the purposes of this subdivision, the term "tax benefit" means a federal
36 or State tax deduction, exemption, exclusion, or other benefit not otherwise
37 listed in this section, except for a benefit arising from being a grantor trust.
38 Subject to sub-subdivision b. of subdivision (6) of this subsection, a second
39 trust may not include or omit a term that, if included in or omitted from the
40 first trust, would have prevented qualification of the second trust for a tax
41 benefit if both of the following apply:

- 42 a. The first trust expressly indicates an attempt to qualify for the
43 benefit, or the first trust clearly is designed to enable the first trust to
44 qualify for the tax benefit.
45 b. The transfer of property held by the first trust or the first trust
46 qualified, or but for the provisions of this Chapter other than this
47 section would have qualified, for the tax benefit.

48 **"§ 36C-8B-20. Duration of second trust.**

49 (a) Subject to subsection (b) of this section, a second trust may have a duration that is
50 the same as or different from the duration of the first trust.

1 (b) To the extent that property of a second trust is attributable to property of the first
2 trust, the property of the second trust is subject to any rules governing maximum perpetuity,
3 accumulation, or suspension of the power of alienation which apply to property of the first
4 trust.

5 **"§ 36C-8B-21. Need to distribute not required.**

6 An authorized fiduciary may exercise the decanting power whether or not under the first
7 trust's discretionary distribution standard the fiduciary would have made or could have been
8 compelled to make a discretionary distribution of principal at the time of exercise.

9 **"§ 36C-8B-22. Saving provision.**

10 (a) If exercise of the decanting power would be effective under this Article except that
11 the second trust in part does not comply with this Article, the exercise of the decanting power is
12 effective and the following rules apply with respect to the principal of the second trust
13 attributable to the exercise of the power:

14 (1) A provision in the second trust which is not permitted under this Article is
15 void to the extent necessary to comply with this Article.

16 (2) A provision required by this Article to be in the second trust which is not
17 contained in the second trust is deemed to be included in the second trust to
18 the extent necessary to comply with this Article.

19 (b) If a trustee of other fiduciary of a second trust determines that subsection (a) of this
20 section applies to a prior exercise of the decanting power, the fiduciary shall take corrective
21 action consistent with the fiduciary's duties.

22 **"§ 36C-8B-23. Reserved.**

23 **"§ 36C-8B-24. Terms of second trust.**

24 A reference in this Chapter to a trust instrument or terms of the trust includes a second trust
25 and the terms of the second trust.

26 **"§ 36C-8B-25. Settlor.**

27 (a) For the purposes of the laws of this State other than this Article and subject to
28 subsection (b) of this section, a settlor of a first trust shall be deemed to be the settlor of the
29 second trust with respect to the portion of the principal of the first trust subject to the exercise
30 of the decanting power.

31 (b) In determining settlor intent with respect to a second trust, the intent of a settlor of
32 the first trust, a settlor of the second trust, and the authorized fiduciary may be considered.

33 **"§ 36C-8B-26. Later-discovered property.**

34 (a) Except as otherwise provided in subsection (c) of this section, if exercise of the
35 decanting power was intended to distribute all the principal of the first trust to one or more
36 second trusts, later-discovered property belonging to the first trust and property paid to or
37 acquired by the first trust after the exercise of the power is part of the trust estate of the second
38 trust or trusts.

39 (b) Except as otherwise provided in subsection (c) of this section, if exercise of the
40 decanting power was intended to distribute less than all the principal of the first trust to one or
41 more second trusts, later-discovered property belonging to the first trust or property paid to or
42 acquired by the first trust after exercise of the power remains part of the trust estate of the first
43 trust.

44 (c) An authorized fiduciary may provide in an exercise of the decanting power or by the
45 terms of a second trust for disposition of later-discovered property belonging to the first trust or
46 property paid to or acquired by the first trust after exercise of the power."

47 **SECTION 2.1.** G.S. 36C-1-103(17) reads as rewritten:

48 "(17) Settlor. – ~~A~~Except as otherwise provided in G.S. 36C-8B-25, a person,
49 including a testator, who creates, or contributes property to, a trust. If more
50 than one person creates or contributes property to a trust, each person is a
51 settlor of the portion of the trust property attributable to that person's

1 contribution except to the extent another person has the power to revoke or
2 withdraw that portion."

3 **SECTION 2.2.** G.S. 36C-2-203(a)(1) reads as rewritten:

4 "(1) To appoint or remove a trustee, including the appointment and removal of a
5 trustee pursuant to ~~G.S. 36C-4-414(b)~~. G.S. 36C-4-414(b) and the
6 appointment of a special fiduciary pursuant to G.S. 36C-8B-9."

7 **SECTION 2.3.** G.S. 36C-2-203(f)(6) reads as rewritten:

8 "(6) Actions involving the exercise of the ~~trustee's special power to appoint to a~~
9 ~~second trust pursuant to G.S. 36C-8-816.1.~~ decanting power pursuant to
10 Article 8B of this Chapter."

11 **SECTION 2.4.** G.S. 36C-8-816.1 is repealed.

12 **SECTION 3.** This act is effective when it becomes law. The Revisor of Statutes
13 shall cause to be printed, as annotations to the published General Statutes, all relevant portions
14 of the Official Comments to the Uniform Trust Decanting Act (2015) and all explanatory
15 comments of the drafters of this act as the Revisor may deem appropriate.