

FINAL BILL REPORT

SSB 5333

PARTIAL VETO

C 307 L 95

Synopsis as Enacted

Brief Description: Revising regulations for the investment of trust funds.

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators Smith, Long and Johnson).

Senate Committee on Law & Justice

House Committee on Law & Justice

Background: Current Washington law on the investment of trust assets is contained in the Investment of Trust Funds Act. This act contains provisions analogous to the Uniform Prudent Investor Act, drafted by the National Conference of Commissioners on Uniform State Laws.

A committee of the Washington State Bar Association has reviewed existing state law on investing trust assets, in light of the uniform act, and recommends that some modifications be made to state law.

The recommendations primarily reflect a codification of existing case law and a clarification of the statutes.

Summary: The Investment of Trust Funds Act is amended to codify existing case law and to clarify the statutes governing the investment of trust monies.

A fiduciary has a duty to invest trust funds solely in the interest of the beneficiaries and a duty to act impartially in making investment decisions if the trust has more than one beneficiary. In addition, the fiduciary has a duty to diversify trust assets unless the fiduciary reasonably determines the purposes of the trust are better served without diversification because of special circumstances.

A fiduciary who invests and manages trust funds owes a duty to the beneficiaries to comply with the act. The requirements of the act may be expanded, restricted, eliminated, or otherwise altered by provisions of the trust instrument. "General economic conditions" is added to the factors to be considered in managing the trust assets under the total asset management approach.

Votes on Final Passage:

Senate	48	0	
House	95	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 23, 1995

Partial Veto Summary: The emergency clause was vetoed.