



January 17, 2014

SENATE BILL No. 36

DIGEST OF SB 36 (Updated January 15, 2014 10:17 am - DI 84)

Citations Affected: IC 29-1; IC 29-3; IC 30-2; IC 30-4; IC 30-5; IC 32-17.

Synopsis: Probate, trust, and transfer on death matters. Provides that a petition or other document filed in court by a personal representative in an estate proceeding with a written consent to the petition or other document or a written waiver of notice of the proceedings in the estate is not required to include a statement that the personal representative delivered a copy of the petition or other document to each person whose written consent or waiver of notice of proceedings was presented to the court, if the petition or other document contains a statement by the person whose signature appears on the consent or waiver: (1) identifying the petition or other document; and (2) affirming that the person has received a copy of the petition or other document and had a reasonable time to read and understand the petition or other document before signing the consent or waiver. Requires a party contesting the validity of a will to serve a copy of the complaint on the counsel for the personal representative. Provides that the court may not enter a default judgment for the contesting party unless proof of service on the counsel for the personal representative is made to the court. Specifies that the procedures for dispensing with the administration of small estates are available to distributees and persons acting on behalf of distributees rather than persons claiming to be entitled to payment from the decedent's estate. Provides for an enforcement action against a person who does not comply with a
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Effective: July 1, 2014.

Delph, Zakas

January 7, 2014, read first time and referred to Committee on Judiciary.
January 16, 2014, reported favorably — Do Pass.

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fiduciary's demand or instruction. Allows a court to award attorney's fees and costs in an enforcement proceeding if the person: (1) acts in bad faith in refusing to comply with the demand or instruction; or (2) refuses to respond to the fiduciary's demand or instruction within 10 business days after receiving the demand or instruction, if the demand or instruction is sufficient. Provides that payments on liens paid with respect to a probate distribution are charged to the beneficiaries of the distribution unless the will provides expressly or by necessary implication that the payment be charged against the residue of the estate. Provides that a general directive in a will to pay debts does not imply an intent that a devise of property subject to a lien be distributed free from the lien. Provides that if trust property subject to a lien is specifically distributable, the distributee shall take the property subject to the lien unless the terms of the trust provide expressly or by necessary implication that the lien be otherwise paid. Provides that payments on liens paid with respect to a trust distribution are charged to the beneficiaries of the distribution unless the trust provides expressly or by necessary implication that the payment be charged against the residue of the trust estate. Provides that a general directive in a trust to pay debts does not imply an intent that a distribution of property subject to a lien be distributed free from the lien. Makes changes to the uniform principal and income act (act). Provides that a personal representative is a fiduciary under the act if provided for: (1) by the will; or (2) by a law allowing the personal representative to account for and distribute income received during the estate administration separately from the corpus of the estate. Provides the following with regard to distributions to beneficiaries after an income interest in a trust ends: (1) Upon the death of the settlor of a revocable living trust, the settlor's trust interest becomes a terminating income interest and the property transferred upon the settlor's death becomes a part of the trust when the property is received by the trust. (2) A decedent's estate is not a terminating income interest. Provides that an asset becomes subject to a trust on the date the asset is distributed to the trust from the decedent's estate: (1) if the income received during the administration of the estate was accounted for and distributed by the estate as part of the corpus of the estate; and (2) unless the will or other applicable law provides that income received during the estate administration is accounted for and distributed by the estate as income and not as part of the corpus of the estate. Specifies that provisions that determine the period in which an income beneficiary is entitled or eligible to receive net income of a trust do not control how receipts and disbursements are allocated to or between principal and income during that period. Specifies that provisions regarding which income receipts and disbursements of a trust are to be taken into account in determining the net income of the trust for the period after the beginning and before the end of a beneficiary's income interest do not control the initial classification of receipts and disbursements as between principal and income. Defines the following for purposes of the trust code: (1) "Trust instrument". (2) "Terms of a trust", "terms of the trust", or "terms of a charitable trust". Provides that unless the trust provides otherwise, a trustee has a duty to keep current income beneficiaries and, in the case of a trust that has become irrevocable, contingent income beneficiaries, reasonably informed by providing access to the trust's accounting and financial records upon written request. Provides that unless the trust provides otherwise, the trustee has a duty after the trust becomes irrevocable to provide income beneficiaries and remaindermen with a copy of the trust instrument upon written request. Provides that a trustee's power under certain circumstances to appoint all or part of the principal of a trust into a second trust is available when the trustee has discretion to invade the principal of the first trust to make distributions to or for the benefit of at least one person. (Current law grants the power of appointment to a trustee who has absolute power to invade the

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Digest Continued

principal of the first trust to make such distributions.) Provides that the notice given to a person by a trustee that starts the period within which to contest the validity of a trust must state: (1) the person's interest in the trust, as described in the trust document; or (2) that the person has no interest in the trust. Provides that a delegation of authority by an attorney in fact survives even if the attorney in fact who delegated the authority fails or ceases to serve unless: (1) the delegation of authority by its terms terminates under these circumstances; (2) the delegation of authority is revoked; or (3) the power of attorney expires or becomes otherwise invalid or unenforceable. Specifies that a child of the principal who requests an accounting from an attorney in fact is entitled to delivery of the requested accounting. Specifies that the 60 day delivery deadline set forth in current law for requested accountings applies to court ordered accountings. Provides that in the case of a principal who has died: (1) the court may order an accounting at any time; and (2) the 60 day delivery deadline applies to a written request for an accounting that is submitted to the attorney in fact not later than nine months after the date of the principal's death. Defines the terms "fiduciary" and "fund" for purposes of a statute concerning powers granted to an attorney in fact with respect to fiduciary transactions of the principal. Provides that the powers granted to an attorney in fact apply: (1) to a fund existing at the time the power of attorney is executed; (2) to a fund created after the power of attorney is executed; and (3) whether or not the fund is located in Indiana. Requires, upon the death of an owner whose transfer on death deed has been recorded, that the beneficiary file an affidavit in the office of the recorder that includes the date of the owner's death (instead of a certified copy of the owner's death certificate). (The introduced version of this bill was prepared by the probate code study commission.)

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January 17, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 36

A BILL FOR AN ACT to amend the Indiana Code concerning trusts and fiduciaries.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 29-1-7-4.5, AS ADDED BY P.L.6-2010, SECTION
2 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
3 2014]: Sec. 4.5. **(a)** Except as provided in **subsection (b)** and section
4 4 of this chapter, each petition or other document that a personal
5 representative files in the court with:
6 (1) a written consent to the petition or other document; or
7 (2) a written waiver of notice of proceedings in the estate;
8 must contain a statement that the personal representative has delivered
9 a copy of the petition or other document to each person whose written
10 consent or waiver of notice of proceedings is presented to the court in
11 support of the petition or other document.
12 **(b) A petition or other document described in subsection (a) is**
13 **not required to contain the statement of delivery otherwise**
14 **required by subsection (a) if the written consent or written waiver**
15 **filed with the petition or other document contains a statement by**

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1 the person whose signature appears on the consent or waiver:

2 (1) identifying the petition or other document; and

3 (2) affirming that the person has:

4 (A) received a copy of the petition or other document; and

5 (B) had a reasonable time to read and understand the
6 nature of the petition or other document before signing the
7 consent or waiver.

8 (c) A person may appoint in writing an agent (who is not an
9 interested person) to do the following under this section:

10 (1) Consent to petitions and other documents.

11 (2) Receive or waive notice of proceedings.

12 SECTION 2. IC 29-1-7-18 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. (a) When an action
14 is brought to contest the validity of any will as provided in this article,
15 notice is served upon the defendants in the same manner as required by
16 the Indiana Rules of Trial Procedure.

17 (b) A contesting party shall also serve a copy of the complaint
18 on the counsel of record, if any, for the personal representative.
19 The court may not enter a default judgment for the contesting
20 party unless proof of service on the counsel for the personal
21 representative is made to the court.

22 SECTION 3. IC 29-1-8-1, AS AMENDED BY P.L.61-2006,
23 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2014]: Sec. 1. (a) Forty-five (45) days after the death of a
25 decedent and upon being presented an affidavit that complies with
26 subsection (b), a person:

27 (1) indebted to the decedent; or

28 (2) having possession of personal property or an instrument
29 evidencing a debt, an obligation, a stock, or a chose in action
30 belonging to the decedent;

31 shall make payment of the indebtedness or deliver the personal
32 property or the instrument evidencing a debt, an obligation, a stock, or
33 a chose in action to a ~~person~~ distributee claiming to be entitled to
34 payment or delivery of property of the decedent as alleged in the
35 affidavit.

36 (b) The affidavit required by subsection (a) must be an affidavit
37 made by or on behalf of the ~~claimant~~ distributee and must state the
38 following:

39 (1) That the value of the gross probate estate, wherever located
40 (less liens and encumbrances), does not exceed fifty thousand
41 dollars (\$50,000).

42 (2) That forty-five (45) days have elapsed since the death of the



- 1 decedent.
- 2 (3) That no application or petition for the appointment of a
- 3 personal representative is pending or has been granted in any
- 4 jurisdiction.
- 5 (4) The name and address of each ~~other person distributee~~ that
- 6 is entitled to a share of the property and the part of the property to
- 7 which each ~~person distributee~~ is entitled.
- 8 (5) That the ~~claimant affiant~~ has notified each ~~person distributee~~
- 9 identified in the affidavit of the ~~claimant's affiant's~~ intention to
- 10 present an affidavit under this section.
- 11 (6) That the ~~claimant affiant~~ is entitled to payment or delivery of
- 12 the property on behalf of each ~~person distributee~~ identified in the
- 13 affidavit.
- 14 (c) If a motor vehicle or watercraft (as defined in IC 9-13-2-198.5)
- 15 is part of the estate, nothing in this section shall prohibit a transfer of
- 16 the certificate of title to the motor vehicle if five (5) days have elapsed
- 17 since the death of the decedent and no appointment of a personal
- 18 representative is contemplated. A transfer under this subsection shall
- 19 be made by the bureau of motor vehicles upon receipt of an affidavit
- 20 containing a statement of the conditions required by subsection (b)(1)
- 21 and (b)(6). The affidavit must be duly executed by the distributees of
- 22 the estate.
- 23 (d) A transfer agent of a security shall change the registered
- 24 ownership on the books of a corporation from the decedent to a
- 25 **claimant distributee** upon the presentation of an affidavit as provided
- 26 in subsection (a).
- 27 (e) For the purposes of subsection (a), an insurance company that,
- 28 by reason of the death of the decedent, becomes obligated to pay a
- 29 death benefit to the estate of the decedent is considered a person
- 30 indebted to the decedent.
- 31 (f) For purposes of subsection (a), property in a safe deposit box
- 32 rented by a decedent from a financial institution organized or
- 33 reorganized under the law of any state (as defined in IC 28-2-17-19) or
- 34 the United States is considered personal property belonging to the
- 35 decedent in the possession of the financial institution.
- 36 SECTION 4. IC 29-1-8-4.5, AS AMENDED BY P.L.61-2006,
- 37 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 38 JULY 1, 2014]: Sec. 4.5. ~~(a) The person claiming to be~~ **A distributee**
- 39 entitled to payment or delivery of the property belonging to the
- 40 decedent ~~or someone acting on a distributee's behalf~~ may present to
- 41 the court having jurisdiction over the decedent's estate an affidavit
- 42 containing a statement of the conditions required under ~~section (1)(b)~~



1 **section 1(b)** of this chapter. Upon receipt of the affidavit, the court
 2 may, without notice and hearing, enter an order that the ~~claimant~~ **is**
 3 **distributees identified in the affidavit are** entitled to payment or
 4 delivery of the property.

5 **(b) A court may, upon notice and hearing, award attorney's fees**
 6 **and costs to a person bringing an action under subsection (a) if the**
 7 **person indebted to the decedent or holding property of the**
 8 **decedent:**

9 **(1) acted in bad faith in refusing to pay or deliver the**
 10 **property belonging to the decedent; or**

11 **(2) refused to respond within ten (10) business days after**
 12 **receiving an affidavit from the person bringing an action**
 13 **under this section, if the affidavit is consistent with section 1**
 14 **of this chapter.**

15 SECTION 5. IC 29-1-13-17 IS ADDED TO THE INDIANA CODE
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 2014]: **Sec. 17. (a) If a person fails to comply with a personal**
 18 **representative's written demand or instruction that is consistent**
 19 **with this article regarding the property of the decedent, the**
 20 **personal representative may bring an enforcement proceeding to**
 21 **compel compliance with the written demand or instruction.**

22 **(b) A court may award attorney's fees and costs to the estate in**
 23 **an enforcement proceeding under subsection (a) if the person**
 24 **indebted to the decedent or holding property of the decedent:**

25 **(1) acted in bad faith in failing to comply with the written**
 26 **demand or instruction; or**

27 **(2) refused to respond to the written demand or instruction**
 28 **within ten (10) business days after receiving the demand or**
 29 **instruction, if the demand or instruction is consistent with this**
 30 **article.**

31 SECTION 6. IC 29-1-17-9 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 9. (a) As used in this**
 33 **section, "lien" refers to a mortgage, pledge, security interest, or**
 34 **other lien.**

35 **(b) When any real or personal property subject to a mortgage,**
 36 **pledge or other lien is specifically devised, the devisee shall take such**
 37 **property so the devised property subject to such mortgage the lien**
 38 **unless the will provides expressly or by necessary implication that such**
 39 **mortgage the lien be otherwise paid. If a mortgagee the holder of a**
 40 **lien receives payment on a claim based upon the obligation secured by**
 41 **such mortgage, the lien, the devise which was subject to such mortgage**
 42 **the lien shall be charged with the reimbursement to the estate of the**



1 amount of ~~such~~ the payment for the benefit of the distributees entitled
 2 ~~thereto~~ to the devise, unless the will provides expressly or by
 3 necessary implication that the payment be charged against the
 4 residue of the estate.

5 (c) For purposes of this section, a general directive in a will to
 6 pay debts does not imply an intent that a devise of property subject
 7 to a lien be distributed free from the lien.

8 SECTION 7. IC 29-3-9-12 IS ADDED TO THE INDIANA CODE
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 10 1, 2014]: Sec. 12. (a) This section applies only to a guardianship of
 11 the property of a minor or an incapacitated adult.

12 (b) If a third party fails to comply with a guardian's written
 13 demand or instruction that:

14 (1) was issued within the scope of the guardian's authority;
 15 and

16 (2) is consistent with this article;

17 the guardian may bring an enforcement proceeding to compel
 18 compliance in the court having jurisdiction over the guardianship.

19 (c) A court may award attorney's fees and costs to the guardian
 20 in an enforcement proceeding under subsection (b), if the person
 21 indebted to the guardianship estate or holding property of the
 22 guardianship estate:

23 (1) acted in bad faith in failing to comply with the guardian's
 24 written demand or instruction; or

25 (2) refused to respond within ten (10) business days after
 26 receiving the guardian's written demand or instruction, if the
 27 demand or instruction is consistent with this article.

28 SECTION 8. IC 30-2-14-0.1, AS ADDED BY P.L.220-2011,
 29 SECTION 486, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2014]: Sec. 0.1. (a) This chapter applies to the
 31 following:

32 (1) Every trust ~~or decedent's estate~~ existing on or created after
 33 January 1, 2003, except as otherwise expressly provided in this
 34 chapter or by the terms of the trust.

35 (1) in the decedent's will;

36 (2) by the terms of the trust; or

37 (3) in this chapter.

38 (2) Every decedent's estate existing on or created after
 39 January 1, 2003, to the extent that under other applicable law
 40 or the decedent's will, the personal representative of the estate
 41 is required or allowed to account for and distribute income
 42 received during administration of the estate separately from



- 1 **the corpus.**
- 2 (b) The amendments made to section 31 of this chapter by
- 3 P.L.143-2009 apply to a trust described in section 31(h) of this chapter,
- 4 on and after the following dates:
- 5 (1) If the trust is not funded as of July 1, 2009, the date of the
- 6 decedent's death.
- 7 (2) If the trust is initially funded in the calendar year beginning
- 8 January 1, 2009, the date of the decedent's death.
- 9 (3) If the trust is not described in subdivision (1) or (2), January
- 10 1, 2009.
- 11 **(c) The amendments made to this section and to sections 3, 12,**
- 12 **14, 18, 19, 20, 21, and 38 of this chapter and the addition of section**
- 13 **13.5 of this chapter by legislation enacted in the 2014 regular**
- 14 **session of the general assembly apply to the following:**
- 15 **(1) The estate of a decedent dying on or after July 1, 2013.**
- 16 **(2) In the case of a trust existing on or created after January**
- 17 **1, 2003:**
- 18 **(A) to the principal and income receipts of the trust; and**
- 19 **(B) to distributions received and made by the trust before,**
- 20 **on, or after July 1, 2013.**
- 21 SECTION 9. IC 30-2-14-3 IS AMENDED TO READ AS
- 22 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. As used in this
- 23 chapter, "fiduciary" means **the following:**
- 24 **(1) A personal representative, including an executor, an**
- 25 **administrator, a successor personal representative, a special**
- 26 **administrator, or a person performing substantially the same**
- 27 **function with respect to a decedent's estate that meets the**
- 28 **requirements of section 13.5 of this chapter. or**
- 29 **(2) A trustee.**
- 30 ~~The term includes an executor, an administrator, a successor personal~~
- 31 ~~representative, a special administrator, and a person performing~~
- 32 ~~substantially the same function.~~
- 33 SECTION 10. IC 30-2-14-12 IS AMENDED TO READ AS
- 34 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 12. As used in this
- 35 chapter, "terms of a trust" means the manifestation of the intent of:
- 36 **(1) a settlor with respect to a trust; or**
- 37 **(2) a decedent with respect to ~~the~~ a trust established under the**
- 38 **decedent's will;**
- 39 expressed in a manner that admits of its proof in a judicial proceeding,
- 40 whether by written or spoken words or by conduct.
- 41 SECTION 11. IC 30-2-14-13.5 IS ADDED TO THE INDIANA
- 42 CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2014]: **Sec. 13.5. A personal representative,**
 2 **including an executor, an administrator, a successor personal**
 3 **representative, a special administrator, or a person performing**
 4 **substantially the same function with respect to a decedent's estate,**
 5 **is a fiduciary for purposes of this chapter if:**

6 (1) **under the terms of a decedent's will this chapter applies to**
 7 **the administration of the estate; or**

8 (2) **under other applicable law, the personal representative is**
 9 **required or allowed to account for and distribute income**
 10 **received during administration of the estate separately from**
 11 **the corpus of the estate.**

12 SECTION 12. IC 30-2-14-14 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. (a) The following
 14 applies to a fiduciary in allocating receipts and disbursements to or
 15 between principal and income, and with respect to any matter within
 16 the scope of this chapter:

17 (1) A fiduciary shall administer a trust or estate in accordance
 18 with the terms of the trust or the will, even if there is a different
 19 provision in this chapter.

20 (2) A fiduciary may administer a trust or estate by the exercise of
 21 a discretionary power of administration given to the fiduciary by
 22 the terms of the trust or the will, even if the exercise of the power
 23 produces a result different from a result required or permitted by
 24 this chapter. An inference that the fiduciary has improperly
 25 exercised the discretion does not arise from the fact that the
 26 fiduciary has made or has not made an allocation contrary to a
 27 provision of this chapter.

28 (3) A fiduciary shall administer a trust ~~or an estate~~ in accordance
 29 with this chapter if the terms of the trust ~~or the will~~ do not contain
 30 a different provision or do not give the fiduciary a discretionary
 31 power of administration.

32 (4) A fiduciary shall add a receipt or charge a disbursement to
 33 principal to the extent that the terms of the trust or the will and
 34 this chapter do not provide a rule for allocating the receipt or
 35 disbursement to or between principal and income.

36 (b) In exercising the power to adjust under section 15 of this chapter
 37 or a discretionary power of administration regarding a matter within the
 38 scope of this chapter, whether granted by the terms of a trust, a will, or
 39 this chapter, a fiduciary shall administer a trust or an estate impartially,
 40 based on what is fair and reasonable to all of the beneficiaries, except
 41 to the extent that the terms of the trust or the will clearly manifest an
 42 intention that the fiduciary shall or may favor one (1) or more of the



1 beneficiaries. A determination in accordance with this chapter is
 2 presumed to be fair and reasonable to all of the beneficiaries.

3 SECTION 13. IC 30-2-14-18, AS AMENDED BY P.L.61-2006,
 4 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2014]: Sec. 18. (a) After an income interest in a trust ends, the
 6 following rules apply:

7 (1) A fiduciary of a terminating income interest shall determine
 8 the amount of net income and net principal receipts received from
 9 property specifically given to a beneficiary under the rules in
 10 sections 20 through 43 of this chapter that apply to trustees and
 11 the rules in subdivision (5). The fiduciary shall distribute the net
 12 income and net principal receipts to the beneficiary who is to
 13 receive the specific property.

14 (2) A fiduciary shall determine the remaining net income of a
 15 terminating income interest under the rules in sections 20 through
 16 43 of this chapter that apply to trustees and by:

17 (A) including in net income all income from property used to
 18 discharge liabilities;

19 (B) paying from income or principal, in the fiduciary's
 20 discretion:

21 (i) fees of attorneys, accountants, and fiduciaries;

22 (ii) court costs and other expenses of administration; and

23 (iii) interest on death taxes;

24 but the fiduciary may pay those expenses from income of
 25 property passing to a trust for which the fiduciary claims an
 26 estate tax marital or charitable deduction only to the extent
 27 that the payment of those expenses from income will not cause
 28 the reduction or loss of the deduction; and

29 (C) paying from principal all other disbursements made or
 30 incurred in connection with the winding up of a terminating
 31 income interest, including debts; funeral expenses; disposition
 32 of remains; family allowances; and death taxes and related
 33 penalties that are apportioned to the terminating income
 34 interest by the terms of the trust or applicable law.

35 (3) If a beneficiary is to receive a pecuniary amount outright from
 36 a trust after an income interest ends and no interest or other
 37 amount is provided for by the terms of the trust or applicable law,
 38 the fiduciary shall distribute the interest or other amount to which
 39 the beneficiary would be entitled under applicable law if the
 40 pecuniary amount were required to be paid under a will.

41 (4) A fiduciary shall distribute the net income remaining after
 42 distributions required by subdivision (3) in the manner described



1 in section 19 of this chapter to all residuary beneficiaries, even if
 2 the beneficiary holds an unqualified power to withdraw assets
 3 from the trust or other presently exercisable general power of
 4 appointment over the trust.

5 (5) A fiduciary may not reduce principal or income receipts from
 6 property described in subdivision (1) because of a payment
 7 described in section 38 or 39 of this chapter to the extent that the
 8 ~~will, the~~ terms of the trust or applicable law requires the fiduciary
 9 to make the payment from assets other than the property or to the
 10 extent that the fiduciary recovers or expects to recover the
 11 payment from a third party. The net income and principal receipts
 12 from the property are determined by:

13 (A) including all of the amounts the fiduciary receives or pays
 14 with respect to the property, whether those amounts

15 (i) accrued or became due before, on, or after the date of an
 16 individual's death; or

17 (ii) an income interest's terminating event; and

18 (B) making a reasonable provision for amounts that the
 19 fiduciary believes the terminating income interest may become
 20 obligated to pay after the property is distributed.

21 **(b) For purposes of this section, the interest of a settlor in a**
 22 **revocable living trust ends and becomes a terminating income**
 23 **interest when the settlor dies. Property that:**

24 **(1) becomes part of the trust by reason of the settlor's death;**
 25 **or**

26 **(2) is distributed to the trust from the settlor's estate;**

27 **becomes part of the terminating income interest when the property**
 28 **is received by the trust.**

29 **(c) For purposes of this section, a decedent's estate is not a**
 30 **terminating income interest.**

31 SECTION 14. IC 30-2-14-19 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 19. (a) Each
 33 beneficiary described in section ~~18(4)~~ **18(a)(4)** of this chapter is
 34 entitled to receive a portion of the net income equal to the beneficiary's
 35 fractional interest in undistributed principal assets, using values as of
 36 the distribution date. If a fiduciary makes more than one (1)
 37 distribution of assets to beneficiaries to whom this section applies, each
 38 beneficiary, including a beneficiary who does not receive part of the
 39 distribution, is entitled, as of each distribution date, to the net income
 40 the fiduciary has received after the date of death or terminating event
 41 or earlier distribution date but has not distributed as of the current
 42 distribution date.



1 (b) In determining a beneficiary's share of net income, the following
2 rules apply:

3 (1) The beneficiary is entitled to receive a portion of the net
4 income equal to the beneficiary's fractional interest in the
5 undistributed principal assets immediately before the distribution
6 date, including assets that later may be sold to meet principal
7 obligations.

8 (2) The beneficiary's fractional interest in the undistributed
9 principal assets must be calculated without regard to property
10 specifically given to a beneficiary and property required to pay
11 pecuniary amounts not in trust.

12 (3) The beneficiary's fractional interest in the undistributed
13 principal assets must be calculated on the basis of the aggregate
14 value of those assets as of the distribution date without reducing
15 the value by any unpaid principal obligation.

16 (4) The distribution date for purposes of this section may be the
17 date as of which the fiduciary calculates the value of the assets if
18 that date is reasonably near the date on which assets are actually
19 distributed.

20 (c) If a fiduciary does not distribute all of the collected but
21 undistributed net income to each person as of a distribution date, the
22 fiduciary shall maintain appropriate records showing the interest of
23 each beneficiary in that net income.

24 (d) A fiduciary may apply the rules in this section, to the extent that
25 the fiduciary considers it appropriate, to net gain or loss realized after
26 the date of death or terminating event or earlier distribution date from
27 the disposition of a principal asset if this section applies to the income
28 from the asset.

29 SECTION 15. IC 30-2-14-20 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 20. (a) An income
31 beneficiary is entitled to net income from the date on which the income
32 interest begins. An income interest begins on the date specified in the
33 terms of the trust or, if no date is specified, on the date an asset
34 becomes subject to a trust or successive income interest.

35 (b) An asset becomes subject to a trust **on the following dates:**

36 (1) On the date ~~it~~ **the asset** is transferred to the trust, in the case
37 of an asset that is transferred to a trust during the transferor's life.

38 (2) **On the date the asset is distributed to the trust from the**
39 **decedent's estate, if the income received during the**
40 **administration of the estate was accounted for and distributed**
41 **by the estate as part of the corpus of the estate in accordance**
42 **with IC 29-1-17-7.**



1 ~~(2)~~ **(3)** On the date of a ~~testator's~~ **the decedent's** death in the case
2 of an asset that becomes subject to a trust by reason of a will;
3 even if there is an intervening period of ~~if,~~ **under the terms of**
4 **the decedent's will or other applicable law, income received**
5 **during** administration of the ~~testator's~~ **decedent's** estate or was
6 **accounted for and distributed by the estate as income, and not**
7 **as part of the corpus of the estate.**

8 ~~(3)~~ **(4)** On the date of an individual's death, in the case of an asset
9 **that is not part of the probate estate (as defined in**
10 **IC 29-1-1-3) and** that is transferred to a ~~fiduciary~~ **by a third party**
11 **trust or becomes a part of a trust** because of the individual's
12 death.

13 (c) An asset becomes subject to a successive income interest on the
14 day after the preceding income interest ends, as determined under
15 subsection (d), even if there is an intervening period of administration
16 to wind up the preceding income interest.

17 (d) An income interest ends on the day before an income beneficiary
18 dies or another terminating event occurs, or on the last day of a period
19 during which there is no beneficiary to whom a trustee may distribute
20 income.

21 **(e) This section applies only for purposes of determining the**
22 **period in which an income beneficiary is entitled or eligible to**
23 **receive any net income of a trust. This section does not control how**
24 **receipts and disbursements are allocated to or between principal**
25 **and income during that period. Amounts received by a trust from**
26 **a decedent's estate or another trust as a distribution of principal**
27 **may be allocable to principal under section 24 of this chapter even**
28 **to the extent the amounts received include income of the**
29 **distributing estate or trust received or accrued after the**
30 **beneficiary's income interest begins.**

31 SECTION 16. IC 30-2-14-21 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 21. (a) A trustee shall
33 allocate an income receipt or disbursement other than one to which
34 section ~~18(1)~~ **18(a)(1)** of this chapter applies to principal if its due date
35 occurs before:

- 36 (1) an individual dies in the case of an estate; or
- 37 (2) an income interest begins in the case of a trust or successive
38 income interest.

39 (b) A trustee shall allocate an income receipt or disbursement to
40 income if its due date occurs on or after the date on which an individual
41 dies or an income interest begins and it is a periodic due date. An
42 income receipt or disbursement must be treated as accruing from day



1 to day if its due date is not periodic or it has no due date. The portion
 2 of the receipt or disbursement accruing before the date on which an
 3 individual dies or an income interest begins must be allocated to
 4 principal, and the balance must be allocated to income.

5 (c) An item of income or an obligation is due on the date the payer
 6 is required to make a payment. If a payment date is not stated, there is
 7 no due date for the purposes of this chapter. Distributions to
 8 shareholders or other owners from an entity to which section 23 of this
 9 chapter applies are considered to be due on:

10 (1) the date fixed by the entity for determining who is entitled to
 11 receive the distribution; or

12 (2) if no date is fixed, the declaration date for the distribution.

13 A due date is periodic for receipts or disbursements that must be paid
 14 at regular intervals under a lease or an obligation to pay interest or if an
 15 entity customarily makes distributions at regular intervals.

16 **(d) This section applies only for purposes of determining which**
 17 **income receipts and disbursements of a trust are to be taken into**
 18 **account in determining the net income of the trust for the period**
 19 **after the beginning and before the end of a beneficiary's income**
 20 **interest. Although this section provides for certain income receipts**
 21 **and disbursements to be allocated to principal, this section does not**
 22 **control the initial classification of receipts and disbursements as**
 23 **between principal and income. Amounts received by a trust from**
 24 **a decedent's estate or another trust as a distribution of principal**
 25 **may be allocable to principal under section 24 of this chapter, even**
 26 **to the extent the amounts received include income receipts of the**
 27 **distributing estate or trust received or accrued after the**
 28 **beneficiary's income interest begins.**

29 SECTION 17. IC 30-2-14-38 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 38. A trustee shall
 31 make the following disbursements from income to the extent that they
 32 are not disbursements to which section ~~18(2)(B)~~ or ~~18(2)(C)~~
 33 **18(a)(2)(B) or 18(a)(2)(C)** of this chapter applies:

34 (1) one-half (1/2) of the regular compensation of the trustee and
 35 of any person providing investment advisory or custodial services
 36 to the trustee;

37 (2) one-half (1/2) of all expenses for accountings, judicial
 38 proceedings, or other matters that involve both the income and
 39 remainder interests;

40 (3) all of the other ordinary expenses incurred in connection with
 41 the administration, management, or preservation of trust property
 42 and the distribution of income, including:



- 1 (A) interest;
- 2 (B) ordinary repairs;
- 3 (C) regularly recurring taxes assessed against principal; and
- 4 (D) expenses of a proceeding or other matter that concerns
- 5 primarily the income interest; and
- 6 (4) recurring premiums on insurance covering the loss of a
- 7 principal asset or the loss of income from or use of the asset.
- 8 SECTION 18. IC 30-4-1-2, AS AMENDED BY P.L.61-2008,
- 9 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 10 JULY 1, 2014]: Sec. 2. As used in this article:
- 11 (1) "Adult" means any person eighteen (18) years of age or older.
- 12 (2) "Affiliate" means a parent, descendant, spouse, spouse of a
- 13 descendant, brother, sister, spouse of a brother or sister,
- 14 employee, director, officer, partner, joint venturer, a corporation
- 15 subject to common control with the trustee, a shareholder, or
- 16 corporation who controls the trustee or a corporation controlled
- 17 by the trustee other than as a fiduciary, an attorney, or an agent.
- 18 (3) "Beneficiary" has the meaning set forth in IC 30-2-14-2.
- 19 (4) "Breach of trust" means a violation by the trustee of any duty
- 20 which is owed to the settlor or beneficiary.
- 21 (5) "Charitable trust" means a trust in which all the beneficiaries
- 22 are the general public or organizations, including trusts,
- 23 corporations, and associations, and that is organized and operated
- 24 wholly for religious, charitable, scientific, public safety testing,
- 25 literary, or educational purposes. The term does not include
- 26 charitable remainder trusts, charitable lead trusts, pooled income
- 27 funds, or any other form of split-interest charitable trust that has
- 28 at least one (1) noncharitable beneficiary.
- 29 (6) "Court" means a court having jurisdiction over trust matters.
- 30 (7) "Income", except as otherwise stated in a trust agreement, has
- 31 the meaning set forth in IC 30-2-14-4.
- 32 (8) "Income beneficiary" has the meaning set forth in
- 33 IC 30-2-14-5.
- 34 (9) "Inventory value" means the cost of property to the settlor or
- 35 the trustee at the time of acquisition or the market value of the
- 36 property at the time it is delivered to the trustee, or the value of
- 37 the property as finally determined for purposes of an estate or
- 38 inheritance tax.
- 39 (10) "Minor" means any person under the age of eighteen (18)
- 40 years.
- 41 (11) "Person" has the meaning set forth in IC 30-2-14-9.
- 42 (12) "Personal representative" means an executor or administrator



1 of a decedent's or absentee's estate, guardian of the person or
 2 estate, guardian ad litem or other court appointed representative,
 3 next friend, parent or custodian of a minor, attorney in fact, or
 4 custodian of an incapacitated person (as defined in
 5 IC 29-3-1-7.5).

6 (13) "Principal" has the meaning set forth in IC 30-2-14-10.

7 (14) "Qualified beneficiary" means:

8 (A) a beneficiary who, on the date the beneficiary's
 9 qualification is determined:

10 (i) is a distributee or permissible distributee of trust income
 11 or principal;

12 (ii) would be a distributee or permissible distributee of trust
 13 income or principal if the interest of the distributee
 14 described in item (i) terminated on that date;

15 (iii) would be a distributee or permissible distributee of trust
 16 income or principal if the trust terminated on that date;

17 ~~(iv) has sent the trustee a request for notice;~~

18 ~~(v) (iv)~~ is a charitable organization expressly designated to
 19 receive distributions under the terms of a charitable trust;

20 ~~(vi) (v)~~ is a person appointed to enforce a trust for the care
 21 of an animal under IC 30-4-2-18; or

22 ~~(vii) (vi)~~ is a person appointed to enforce a trust for a
 23 noncharitable purpose under IC 30-4-2-19; or

24 (B) the attorney general, if the trust is a charitable trust having
 25 its principal place of administration in Indiana.

26 (15) "Remainderman" means a beneficiary entitled to principal,
 27 including income which has been accumulated and added to the
 28 principal.

29 (16) "Settlor" means a person who establishes a trust including
 30 the testator of a will under which a trust is created.

31 **(17) "Terms of a trust", "terms of the trust", or "terms of a**
 32 **charitable trust" means the manifestation of the intent of a**
 33 **settlor or decedent with respect to the trust, expressed in a**
 34 **manner that admits of its proof in a judicial proceeding,**
 35 **whether by written or spoken words or by conduct.**

36 ~~(17)~~ **(18)** "Trust estate" means the trust property and the income
 37 derived from its use.

38 ~~(18)~~ **(19)** "Trust for a benevolent public purpose" means a
 39 charitable trust (as defined in subdivision (5)), a split-interest
 40 trust (as defined in Section 4947 of the Internal Revenue Code),
 41 a perpetual care fund or an endowment care fund established
 42 under IC 23-14-48-2, a prepaid funeral plan or funeral trust



1 established under IC 30-2-9, a funeral trust established under
 2 IC 30-2-10, a trust or an escrow account created from payments
 3 of funeral, burial services, or merchandise in advance of need
 4 described in IC 30-2-13, and any other form of split-interest
 5 charitable trust that has both charitable and noncharitable
 6 beneficiaries, including but not limited to charitable remainder
 7 trusts, charitable lead trusts, and charitable pooled income funds.

8 **(20) "Trust instrument" means an instrument, agreement, or**
 9 **other written document executed by the settlor that contains**
 10 **the terms of the trust, including any amendments to the terms**
 11 **of the trust.**

12 ~~(19)~~ **(21) "Trust property"** means property either placed in trust or
 13 purchased or otherwise acquired by the trustee for the trust
 14 regardless of whether the trust property is titled in the name of the
 15 trustee or the name of the trust.

16 ~~(20)~~ **(22) "Trustee"** has the meaning set forth in IC 30-2-14-13.

17 SECTION 19. IC 30-4-2-1, AS AMENDED BY P.L.238-2005,
 18 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2014]: Sec. 1. (a) A trust in either real or personal property is
 20 enforceable only if there is written evidence of ~~its~~ **the terms of the**
 21 **trust** bearing the signature of the settlor or the settlor's authorized
 22 agent.

23 (b) Except as required in the applicable probate law for the
 24 execution of wills, no formal language is required to create a trust, but
 25 ~~its~~ **the terms of the trust** must be sufficiently definite so that the trust
 26 property, the identity of the trustee, the nature of the trustee's interest,
 27 the identity of the beneficiary, the nature of the beneficiary's interest
 28 and the purpose of the trust may be ascertained with reasonable
 29 certainty.

30 (c) It is not necessary to the validity of a trust that the trust be
 31 funded with or have a corpus that includes property other than the
 32 present or future, vested or contingent right of the trustee to receive
 33 proceeds or property, including:

- 34 (1) as beneficiary of an estate under IC 29-1-6-1;
- 35 (2) life insurance benefits under section 5 of this chapter;
- 36 (3) retirement plan benefits; or
- 37 (4) the proceeds of an individual retirement account.

38 (d) A trust created under:

- 39 (1) section 18 of this chapter for the care of an animal; or
- 40 (2) section 19 of this chapter for a noncharitable purpose;

41 has a beneficiary.

42 (e) A trust has a beneficiary if the beneficiary can be presently



1 ascertained or ascertained in the future, subject to any applicable rule
2 against perpetuities.

3 (f) A power of a trustee to select a beneficiary from an indefinite
4 class is valid. If the power is not exercised within a reasonable time, the
5 power fails and the property subject to the power passes to the persons
6 who would have taken the property had the power not been conferred.

7 (g) A trust may be created by exercise of a power of appointment in
8 favor of a trustee.

9 SECTION 20. IC 30-4-3-3, AS AMENDED BY P.L.238-2005,
10 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2014]: Sec. 3. (a) Except as provided in the terms of the trust
12 and subject to subsection (c), a trustee has the power to perform
13 without court authorization, except as provided in sections 4(b) and
14 5(a) of this chapter, every act necessary or appropriate for the purposes
15 of the trust including, by way of illustration and not of limitation, the
16 following powers:

17 (1) The power to:

18 (A) deal with the trust estate;

19 (B) buy, sell, or exchange and convey or transfer all property
20 (real, personal, or mixed) for cash or on credit and at public or
21 private sale with or without notice; and

22 (C) invest and reinvest the trust estate.

23 (2) The power to receive additions to the assets of the trust.

24 (3) The power to acquire an undivided interest in a trust asset in
25 which the trustee, in any trust capacity, holds an undivided
26 interest.

27 (4) The power to manage real property in every way, including:

28 (A) the adjusting of boundaries;

29 (B) erecting, altering, or demolishing buildings;

30 (C) dedicating of streets, alleys, or other public uses;

31 (D) subdividing;

32 (E) developing;

33 (F) obtaining vacation of plats;

34 (G) granting of easements and rights-of-way;

35 (H) partitioning;

36 (I) entering into party wall agreements; and

37 (J) obtaining title insurance for trust property.

38 (5) The power to:

39 (A) grant options concerning disposition of trust property,
40 including the sale of covered security options; and

41 (B) take options for acquisition of trust property, including the
42 purchase back of previously sold covered security options.



- 1 (6) The power to enter into a lease as lessor or lessee, with or
2 without option to renew.
- 3 (7) The power to enter into arrangements for exploration and
4 removal of minerals or other natural resources and enter into a
5 pooling or unitization agreement.
- 6 (8) The power to continue the operation or management of any
7 business or other enterprise placed in trust.
- 8 (9) The power to:
- 9 (A) borrow money, to be repaid from trust property or
10 otherwise; and
- 11 (B) encumber, mortgage, pledge, or grant a security interest in
12 trust property in connection with the exercise of any power.
- 13 (10) The power to:
- 14 (A) advance money for the benefit of the trust estate and for all
15 expenses or losses sustained in the administration of the trust;
16 and
- 17 (B) collect any money advanced, without interest or with
18 interest, at no more than the lowest rate prevailing when
19 advanced.
- 20 (11) The power to prosecute or defend actions, claims, or
21 proceedings for the protection of:
- 22 (A) trust property; and
- 23 (B) the trustee in the performance of the trustee's duties.
- 24 (12) The power to:
- 25 (A) pay or contest any claim;
- 26 (B) settle a claim by or against the trust by compromise or
27 arbitration; and
- 28 (C) abandon or release, totally or partially, any claim
29 belonging to the trust.
- 30 (13) The power to insure the:
- 31 (A) trust estate against damage or loss; and
- 32 (B) trustee against liability with respect to third persons.
- 33 (14) The power to pay taxes, assessments, and other expenses
34 incurred in the:
- 35 (A) acquisition, retention, and maintenance of the trust
36 property; and
- 37 (B) administration of the trust.
- 38 (15) The power to:
- 39 (A) vote securities, in person or by a general or special proxy;
- 40 (B) hold the securities in the name of a nominee if the trustee
41 is a corporate trustee; and
- 42 (C) effect or approve, and deposit securities in connection



- 1 with, any change in the form of the corporation, including:
 2 (i) dissolution;
 3 (ii) liquidation;
 4 (iii) reorganization;
 5 (iv) acquisition; and
 6 (v) merger.
- 7 (16) The power to employ persons, including:
 8 (A) attorneys;
 9 (B) accountants;
 10 (C) investment advisors; and
 11 (D) agents;
 12 to advise and assist the trustee in the performance of the trustee's
 13 duties.
- 14 (17) The power to effect distribution of property in cash, in kind,
 15 or partly in cash and partly in kind, in divided or undivided
 16 interests.
- 17 (18) The power to execute and deliver all instruments necessary
 18 or appropriate to accomplishing or facilitating the exercise of the
 19 trustee's powers.
- 20 (19) With respect to an interest in a proprietorship, partnership,
 21 limited liability company, business trust, corporation, or another
 22 form of business or enterprise, the power to:
 23 (A) continue the business or enterprise; and
 24 (B) take any action that may be taken by shareholders,
 25 members, or property owners, including:
 26 (i) merging;
 27 (ii) dissolving; or
 28 (iii) changing the form of business organization or
 29 contributing additional capital.
- 30 (20) With respect to possible liability for violation of
 31 environmental law, the power to:
 32 (A) inspect or investigate property:
 33 (i) the trustee holds or has been asked to hold; or
 34 (ii) owned or operated by an organization in which the
 35 trustee holds an interest or has been asked to hold an
 36 interest;
 37 to determine the application of environmental law with respect
 38 to the property;
 39 (B) take action to prevent, abate, or remedy an actual or
 40 potential violation of an environmental law affecting property
 41 held directly or indirectly by the trustee before or after the
 42 assertion of a claim or the initiation of governmental



- 1 enforcement;
- 2 (C) decline to accept property into the trust or disclaim any
- 3 power with respect to property that is or may be burdened with
- 4 liability for violation of environmental law;
- 5 (D) compromise claims against the trust that may be asserted
- 6 for an alleged violation of environmental law; and
- 7 (E) pay the expense of any inspection, review, abatement, or
- 8 remedial action to comply with environmental law.
- 9 (21) The power to exercise elections with respect to federal, state,
- 10 and local taxes.
- 11 (22) The power to select a mode of payment under any employee
- 12 benefit plan or retirement plan, annuity, or life insurance payable
- 13 to the trustee and exercise rights under the plan, annuity, or
- 14 insurance, including the right to:
- 15 (A) indemnification:
- 16 (i) for expenses; and
- 17 (ii) against liabilities; and
- 18 (B) take appropriate action to collect the proceeds.
- 19 (23) The power to make loans out of trust property, including
- 20 loans to a beneficiary on terms and conditions the trustee
- 21 determines fair and reasonable under the circumstances. The
- 22 trustee has a lien on future distributions for repayment of the
- 23 loans.
- 24 (24) The power to pledge trust property to guarantee loans made
- 25 by others to the beneficiary on terms and conditions the trustee
- 26 considers to be fair and reasonable under the circumstances. The
- 27 trustee has a lien on future distributions for repayment of the
- 28 loans.
- 29 (25) The power to:
- 30 (A) appoint a trustee to act in another jurisdiction with respect
- 31 to trust property located in the other jurisdiction;
- 32 (B) confer on the appointed trustee all the appointing trustee's
- 33 powers and duties;
- 34 (C) require the appointed trustee to furnish security; and
- 35 (D) remove the appointed trustee.
- 36 (26) With regard to a beneficiary who is under a legal disability
- 37 or whom the trustee reasonably believes is incapacitated, the
- 38 power to pay an amount distributable to the beneficiary by:
- 39 (A) paying the amount directly to the beneficiary;
- 40 (B) applying the amount for the beneficiary's benefit;
- 41 (C) paying the amount to the beneficiary's guardian;
- 42 (D) paying the amount to the beneficiary's custodian under



- 1 IC 30-2-8.5 to create a custodianship or custodial trust;
 2 (E) paying the amount to an adult relative or another person
 3 having legal or physical care or custody of the beneficiary to
 4 be expended on the beneficiary's behalf, if the trustee does not
 5 know of a guardian, custodian, or custodial trustee; or
 6 (F) managing the amount as a separate fund on the
 7 beneficiary's behalf, subject to the beneficiary's continuing
 8 right to withdraw the distribution.
- 9 (27) The power to:
- 10 (A) combine at least two (2) trusts into one (1) trust; or
 11 (B) divide one (1) trust into at least two (2) trusts;
 12 after notice to the qualified beneficiaries, if the result does not
 13 impair the rights of any beneficiary or adversely affect
 14 achievement of the purposes of the trust.
- 15 (b) Any act under subsection (a)(4), an option under subsection
 16 (a)(5), a lease under subsection (a)(6), an arrangement under
 17 subsection (a)(7), and an encumbrance, mortgage, pledge, or security
 18 interest under subsection (a)(9) may be for a term either within or
 19 extending beyond the term of the trust.
- 20 (c) In acquiring, investing, reinvesting, exchanging, retaining,
 21 selling, and managing property for any trust, the trustee thereof shall
 22 exercise the judgment and care required by IC 30-4-3.5. Within the
 23 limitations of the foregoing standard, the trustee is authorized to
 24 acquire and retain every kind of property, real, personal, or mixed, and
 25 every kind of investment, including specifically, but without in any way
 26 limiting the generality of the foregoing, bonds, debentures, and other
 27 corporate obligations, stocks, preferred or common, and real estate
 28 mortgages, which persons of prudence, discretion, and intelligence
 29 acquire or retain for their own account, and within the limitations of the
 30 foregoing standard, the trustee is authorized to retain property properly
 31 acquired, without limitation as to time and without regard to its
 32 suitability for original purchase. Within the limitations of the foregoing
 33 standard, the trustee is authorized to sell covered security options and
 34 to purchase back previously sold covered security options.
- 35 (d) If a distribution of particular trust assets is to be made to two (2)
 36 or more beneficiaries entitled to receive fractional shares in those
 37 assets, the trustee may distribute the particular assets without
 38 distributing to each beneficiary a pro rata share of each asset. However,
 39 the trustee shall:
- 40 (1) distribute to each beneficiary a pro rata share of the total fair
 41 market value of all of the particular assets as of the date of
 42 distribution; and



- 1 (2) cause the distribution to result in a fair and equitable division
 2 among the beneficiaries of capital gain or loss on the assets.
- 3 (e) If the trust is terminated or partially terminated, the trustee may
 4 send to the beneficiaries a proposal for distribution. If the proposal for
 5 distribution informs the beneficiary that the beneficiary:
 6 (1) has a right to object to the proposed distribution; and
 7 (2) must object not later than thirty (30) days after the proposal
 8 for distribution was sent;
 9 the right of the beneficiary to object to the proposed distribution
 10 terminates if the beneficiary fails to notify the trustee of an objection
 11 within the time limit set forth in subdivision (2).
- 12 **(f) When any real or personal property subject to a lien (as**
 13 **defined by IC 29-1-17-9(a)) is specifically distributable, the**
 14 **distributee shall take the property subject to the lien unless the**
 15 **terms of the trust provide expressly or by necessary implication**
 16 **that the lien be otherwise paid. If:**
 17 **(1) an event occurs that makes the property distributable; and**
 18 **(2) the holder of a lien on the property receives payment on a**
 19 **claim based upon the obligation secured by the lien;**
 20 **the property subject to the lien shall be charged with the**
 21 **reimbursement to the trust of the amount of the payment for the**
 22 **benefit of the beneficiaries entitled to the distribution, unless the**
 23 **terms of the trust provide expressly or by necessary implication**
 24 **that the payment be charged against the residue of the trust estate.**
- 25 **(g) For purposes of subsection (f), a general directive or**
 26 **authority in the trust for payment of debts does not imply an intent**
 27 **that the distribution of property subject to a lien be made free**
 28 **from the lien.**
- 29 SECTION 21. IC 30-4-3-6, AS AMENDED BY P.L.238-2005,
 30 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2014]: Sec. 6. (a) The trustee has a duty to administer a trust
 32 according to ~~its terms:~~ **the terms of the trust.**
- 33 (b) Unless the terms of the trust provide otherwise, the trustee also
 34 has a duty to do the following:
 35 (1) Administer the trust in a manner consistent with IC 30-4-3.5.
 36 (2) Take possession of and maintain control over the trust
 37 property.
 38 (3) Preserve the trust property.
 39 (4) Make the trust property productive for both the income and
 40 remainder beneficiary. As used in this subdivision, "productive"
 41 includes the production of income or investment for potential
 42 appreciation.



- 1 (5) Keep the trust property separate from the trustee's individual
 2 property and separate from or clearly identifiable from property
 3 subject to another trust.
- 4 (6) Maintain clear and accurate accounts with respect to the trust
 5 estate.
- 6 (7) Upon reasonable request, give the beneficiary complete and
 7 accurate information concerning any matter related to the
 8 administration of the trust and permit the beneficiary or the
 9 beneficiary's agent to inspect the trust property, the trustee's
 10 accounts, and any other documents concerning the administration
 11 of the trust. **(7) Keep the following beneficiaries reasonably
 12 informed about the administration of the trust and of the
 13 material facts necessary for the beneficiaries to protect their
 14 interests:**
- 15 (A) A current income beneficiary.
 16 (B) A beneficiary who will become an income beneficiary
 17 upon the expiration of the term of the current income
 18 beneficiary, if the trust has become irrevocable by:
 19 (i) the terms of the trust instrument; or
 20 (ii) the death of the settlor.
- 21 A trustee satisfies the requirements of this subdivision by
 22 providing a beneficiary described in clause (A) or (B), upon
 23 the beneficiary's written request, access to the trust's
 24 accounting and financial records concerning the
 25 administration of trust property and the administration of the
 26 trust.
- 27 **(8) Upon:**
- 28 (A) the trust becoming irrevocable:
 29 (i) by the terms of the trust instrument; or
 30 (ii) by the death of the settlor; and
 31 (B) the written request of an income beneficiary or
 32 remainderman;
 33 **promptly provide a copy of the complete trust instrument to
 34 the income beneficiary or remainderman.**
- 35 ~~(8)~~ **(9)** Take whatever action is reasonable to realize on claims
 36 constituting part of the trust property.
- 37 ~~(9)~~ **(10)** Defend actions involving the trust estate.
- 38 ~~(10)~~ **(11)** Supervise any person to whom authority has been
 39 delegated.
- 40 ~~(11)~~ **(12)** Determine the trust beneficiaries by acting on
 41 information:
 42 (A) the trustee, by reasonable inquiry, considers reliable; and



- 1 (B) with respect to heirship, relationship, survivorship, or any
 2 other issue relative to determining a trust beneficiary.
- 3 SECTION 22. IC 30-4-3-36, AS ADDED BY P.L.6-2010,
 4 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2014]: Sec. 36. (a) Unless a trust expressly provides
 6 otherwise, a trustee who has ~~absolute power~~ **discretion** under the terms
 7 of a trust (referred to in this section as the "first trust") to invade the
 8 principal of the trust to make distributions to or for the benefit of one
 9 (1) or more persons may instead exercise the power by appointing all
 10 or part of the principal of the first trust in favor of a trustee of another
 11 trust (referred to in this section as the "second trust") for the benefit of
 12 one (1) or more persons under the same trust instrument or under a
 13 different trust instrument as long as:
- 14 (1) the beneficiaries of the second trust are the same as the
 - 15 beneficiaries of the first trust;
 - 16 (2) the second trust does not reduce any income, annuity, or
 - 17 unitrust interest in the assets of the first trust; and
 - 18 (3) if any contributions to the first trust qualified for a marital or
 - 19 charitable deduction for purposes of the federal income, gift, or
 - 20 estate taxes, the second trust does not contain any provision that,
 - 21 if included in the first trust, would have prevented the first trust
 - 22 from qualifying for a deduction or reduced the amount of a
 - 23 deduction.
- 24 ~~(b)~~ For purposes of this section, an absolute power to invade
 25 principal includes a power to invade principal that is not limited to
 26 specific or ascertainable purposes, such as health, education,
 27 maintenance, and support regardless of whether the term "absolute" is
 28 used.
- 29 ~~(c)~~ **(b)** The exercise of a power to invade principal under subsection
 30 (a) must be by an instrument that is:
- 31 (1) in writing;
 - 32 (2) signed and acknowledged by the trustee; and
 - 33 (3) filed with the records of the first trust.
- 34 ~~(d)~~ **(c)** The exercise of a power to invade principal under subsection
 35 (a) is considered the exercise of a power of appointment, other than a
 36 power to appoint to the trustee, the trustee's creditors, the trustee's
 37 estate, or the creditors of the trustee's estate. The exercise of the power
 38 does not extend the time at which the permissible period of the rule
 39 against perpetuities begins and the law that determines the permissible
 40 period of the rule against perpetuities of the first trust.
- 41 ~~(e)~~ **(d)** The trustee shall notify in writing all qualified beneficiaries
 42 of the first trust at least sixty (60) days before the effective date of the



1 trustee's exercise of the power to invade principal under subsection (a)
 2 of the manner in which the trustee intends to exercise the power. A
 3 copy of the proposed instrument exercising the power satisfies the
 4 trustee's notice obligation under this subsection. If all qualified
 5 beneficiaries waive the notice period by signed written instrument
 6 delivered to the trustee, the trustee's power to invade principal may be
 7 exercised immediately. The trustee's notice under this subsection does
 8 not limit the right of any beneficiary to object to the exercise of the
 9 trustee's power to invade principal, except as otherwise provided by
 10 this article.

11 (f) (e) The exercise of the power to invade principal under
 12 subsection (a) is not prohibited by a spendthrift clause or by a provision
 13 in the trust instrument that prohibits amending or revoking the trust.

14 (g) (f) This section is not intended to create or imply a duty to
 15 exercise a power to invade principal. No inference of impropriety may
 16 be made as a result of a trustee not exercising the power to invade
 17 principal conferred under subsection (a).

18 (h) (g) This section may not be construed to abridge the right of any
 19 trustee who has a power of invasion to appoint property in further trust
 20 that arises under the terms of the first trust, under any other provision
 21 of this article or any other statute, or under common law.

22 SECTION 23. IC 30-4-3.5-2 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. (a) A trustee shall
 24 invest and manage trust assets as a prudent investor would, by
 25 considering the purposes, terms **of the trust**, distribution requirements,
 26 and other circumstances of the trust. In satisfying this standard, the
 27 trustee shall exercise reasonable care, skill, and caution.

28 (b) A trustee's investment and management decisions respecting
 29 individual assets must be evaluated not in isolation but in the context
 30 of the trust portfolio as a whole and as a part of an overall investment
 31 strategy having risk and return objectives reasonably suited to the trust.

32 (c) Among circumstances that a trustee shall consider in investing
 33 and managing trust assets are those of the following that are relevant
 34 to the trust or its beneficiaries:

- 35 (1) General economic conditions.
- 36 (2) The possible effect of inflation or deflation.
- 37 (3) The expected tax consequences of investment decisions or
 38 strategies.
- 39 (4) The role that each investment or course of action plays within
 40 the overall trust portfolio, which may include financial assets,
 41 interests in closely held enterprises, tangible and intangible
 42 personal property, and real property.



- 1 (5) The expected total return from income and the appreciation of
2 capital.
- 3 (6) Other resources of the beneficiaries.
- 4 (7) Needs for liquidity, regularity of income, and preservation or
5 appreciation of capital.
- 6 (8) An asset's special relationship or special value, if any, to the
7 purposes of the trust or to one (1) or more of the beneficiaries.
- 8 (d) A trustee shall make a reasonable effort to verify facts relevant
9 to the investment and management of trust assets.
- 10 (e) A trustee may invest in any kind of property or type of
11 investment consistent with the standards of this chapter.
- 12 (f) A trustee who has special skills or expertise, or is named trustee
13 in reliance upon the trustee's representation that the trustee has special
14 skills or expertise, has a duty to use the special skills or expertise.
- 15 SECTION 24. IC 30-4-3.5-4 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. Within a reasonable
17 time after accepting a trusteeship or receiving trust assets, a trustee
18 shall review the trust assets and make and implement decisions
19 concerning the retention and disposition of assets in order to bring the
20 trust portfolio into compliance with the purposes, terms **of the trust**,
21 distribution requirements, and other circumstances of the trust, and
22 with the requirements of this chapter.
- 23 SECTION 25. IC 30-4-5-13 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 13. ~~(Content of Written~~
25 ~~Statements of Account Filed with the Court)~~
- 26 (a) A verified written statement of accounts filed with the court
27 under 30-4-5-12 or by the trustee under 30-4-3-18(b) shall show:
- 28 (1) the period covered by the account;
- 29 (2) the total principal with which the trustee is chargeable according
30 to the last preceding written statement of accounts or the original
31 inventory if there is no preceding statement;
- 32 (3) an itemized schedule of all principal cash and property received
33 and disbursed, distributed, or otherwise disposed of during the period;
- 34 (4) an itemized schedule of income received and disbursed,
35 distributed, or otherwise disposed of during the period;
- 36 (5) the balance of principal and income remaining at the close of the
37 period, how invested, and both the inventory and current market values
38 of all investments;
- 39 (6) a statement that the trust has been administered according to ~~its~~
40 **terms; the terms of the trust;**
- 41 (7) the names and addresses of all living beneficiaries and a
42 statement identifying any beneficiary known to be under a legal



- 1 disability;
- 2 (8) a description of any possible unborn or unascertained
- 3 beneficiary and ~~his~~ **the possible beneficiary's** interest in the trust
- 4 estate; and
- 5 (9) the business addresses, if any, or the residence addresses of all
- 6 the trustees.
- 7 (b) The court may, either on petition or on its own motion, require
- 8 the trustee to submit such proof as it deems necessary to support ~~his~~
- 9 **the trustee's** verified written statement of accounts. The court may
- 10 accept the unqualified certificate of a certified public accountant in lieu
- 11 of other proof.
- 12 SECTION 26. IC 30-4-6-14, AS ADDED BY P.L.238-2005,
- 13 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 JULY 1, 2014]: Sec. 14. (a) A person must commence a judicial
- 15 proceeding to contest the validity of a trust that was revocable at the
- 16 settlor's death within the earlier of the following:
- 17 (1) Ninety (90) days after the person receives from the trustee a
- 18 copy of ~~the~~ a trust certification **required by IC 30-4-4-5** and a
- 19 notice ~~informing the person of:~~ **that:**
- 20 (A) **informs the person of** the trust's existence;
- 21 (B) **states** the trustee's name and address; ~~and~~
- 22 (C) **states:**
- 23 (i) **the person's interest in the trust, as described in the**
- 24 **trust document; or**
- 25 (ii) **that the person has no interest in the trust; and**
- 26 ~~(D)~~ **(D)** **states** the time allowed for commencing the
- 27 proceeding.
- 28 (2) Three (3) years after the settlor's death.
- 29 (b) More than one hundred twenty (120) days after the death of the
- 30 settlor of a trust that was revocable at the settlor's death, the trustee
- 31 may distribute the trust property in accordance with the terms of the
- 32 trust. The trustee is not subject to liability for the distribution unless:
- 33 (1) the trustee knows of a pending judicial proceeding contesting
- 34 the validity of the trust; or
- 35 (2) a potential contestant notifies the trustee of a possible judicial
- 36 proceeding to contest the trust and a judicial proceeding is
- 37 commenced not later than sixty (60) days after the contestant
- 38 sends the trustee the notification.
- 39 (c) A beneficiary of a trust that is determined to be invalid shall
- 40 return any distribution received.
- 41 SECTION 27. IC 30-5-5-10 IS AMENDED TO READ AS
- 42 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 10. (a) Language



1 conferring general authority with respect to fiduciary transactions
 2 means the principal authorizes the attorney in fact to do the following
 3 if the principal has the authority to delegate:

4 (1) Apply for and procure, in the name of the principal, letters of
 5 administration, letters testamentary, letters of guardianship, or any
 6 other type of judicial or administrative authority to act as a
 7 fiduciary.

8 (2) Represent and act for the principal in all ways and in all
 9 matters affecting a fund with respect to which the principal is a
 10 fiduciary.

11 (3) Initiate, participate in, and oppose a proceeding, judicial or
 12 otherwise, for the removal, substitution, or surcharge of a
 13 fiduciary, conserve, invest, or disburse anything received for the
 14 purposes of the fund for which it is received, and reimburse the
 15 attorney in fact for expenditures properly made by the attorney in
 16 fact in the execution of powers conferred on the attorney in fact.

17 (4) Agree and contract in any manner and on any terms with a
 18 person the attorney in fact selects to accomplish a purpose
 19 permitted under this section and perform, rescind, reform, release,
 20 or modify an agreement or contract made by or on behalf of the
 21 principal.

22 (5) Execute, acknowledge, verify, seal, file, and deliver a consent,
 23 a designation, a pleading, a notice, a demand, an election, a
 24 conveyance, a release, an assignment, a pledge, a check, a waiver,
 25 an admission of service, a notice of appearance, or other
 26 instrument the attorney in fact considers useful to accomplish a
 27 purpose permitted under this section.

28 (6) Hire, discharge, and compensate an attorney, accountant,
 29 expert witness, or other assistant when the attorney in fact
 30 considers the action to be desirable for the proper execution by
 31 the attorney in fact of a power described in this section and keep
 32 needed records.

33 (7) Perform any other acts with respect to a fund of which the
 34 principal is a fiduciary.

35 (b) The powers described in this section are exercisable equally with
 36 respect to a fund of which the principal is a fiduciary at the time of the
 37 giving of the power of attorney or becomes a fiduciary after that time,
 38 whether located in Indiana or in another jurisdiction.

39 (c) **As used in this section, "fiduciary" means a trustee, personal**
 40 **representative, guardian, attorney in fact, custodian, escrow agent,**
 41 **or person similarly authorized to act primarily for the benefit of**
 42 **another person.**



1 (d) As used in this section, "fund" means any asset, including
 2 real or personal property, in which a principal has an interest as
 3 a fiduciary.

4 (e) The powers granted in this section apply:

5 (1) to a fund existing at the time the power of attorney is
 6 executed;

7 (2) to a fund created after the power of attorney is executed;
 8 and

9 (3) whether or not the fund is located in Indiana.

10 SECTION 28. IC 30-5-5-18 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. Language
 12 conferring general authority with respect to delegating authority means
 13 the principal authorizes the attorney in fact to delegate in writing to one
 14 (1) or more persons any or all powers given to the attorney in fact by
 15 the power of attorney. **An action taken by a person holding delegated**
 16 **authority under this section binds the principal and persons who**
 17 **are obligated under IC 30-5-8 to obey instructions issued by the**
 18 **attorney in fact who delegated the authority, even if the attorney**
 19 **in fact who delegated the authority fails to serve or ceases to serve**
 20 **as provided under IC 30-5-4-4 unless:**

21 (1) the principal revokes the delegation of authority;

22 (2) the delegation of authority by the attorney in fact is
 23 revoked by another attorney in fact who:

24 (A) is named in the power of attorney; and

25 (B) currently has authority and priority to act for the
 26 principal;

27 (3) the power of attorney expires or is otherwise invalid or
 28 unenforceable; or

29 (4) the power of attorney or the document in which the
 30 attorney delegates authority specifically provides that the
 31 delegation of authority is terminated when the attorney in fact
 32 who delegated the authority fails to serve or ceases to serve as
 33 provided under IC 30-5-4-4.

34 SECTION 29. IC 30-5-6-4, AS AMENDED BY P.L.42-2012,
 35 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2014]: Sec. 4. (a) The attorney in fact shall keep complete
 37 records of all transactions entered into by the attorney in fact on behalf
 38 of the principal:

39 (1) for six (6) years after the date of the transaction; or

40 (2) until the records are delivered to the successor attorney in fact;
 41 whichever occurs first.

42 (b) Except as otherwise:



1 (1) stated in the power of attorney; or

2 (2) required by subsection (c);

3 the attorney in fact is not required to render an accounting.

4 (c) Except as provided in subsection (f), the attorney in fact shall
5 render a written accounting if an accounting is ordered by a court,
6 requested by the principal, a guardian appointed for the principal, a
7 child of the principal, or, upon the death of the principal, the personal
8 representative of the principal's estate, or an heir or legatee of the
9 principal.

10 (e) (d) Except as provided in subsection (f), an attorney in fact
11 shall deliver an accounting requested under subsection (b) (c) to:

12 (1) the principal;

13 (2) a guardian appointed for the principal;

14 (3) the personal representative of the principal's estate;

15 (4) an heir of the principal after the death of the principal; or

16 (5) a legatee of the principal after the death of the principal; or

17 (6) a child of the principal.

18 not later than sixty (60) days after the date the attorney in fact receives
19 the written request for an accounting. In the event of the principal's
20 death, an accounting under this subsection must be requested not later
21 than nine (9) months after the date of the principal's death.

22 (e) Except as provided in subsection (f)(2), an attorney in fact
23 shall deliver an accounting ordered or requested under subsection
24 (c) to the court or the person requesting the accounting not later
25 than sixty (60) days after the date the attorney in fact receives the
26 court order or written request for an accounting.

27 (f) In the case of a principal who has died, the following apply:
28 (1) The court may order an accounting under subsection (c)
29 at any time.

30 (2) In the absence of a court ordered accounting, an attorney
31 in fact is not required to deliver an accounting to a person
32 described in subsection (d)(2) through (d)(6) unless the person
33 requests the accounting not later than nine (9) months after
34 the date of the principal's death.

35 (3) The delivery deadline set forth in subsection (e) applies to
36 a written request for an accounting that is timely submitted
37 under subdivision (2).

38 (g) Not more than one (1) accounting is required under this
39 section in each twelve (12) month period unless the court, in its
40 discretion, orders additional accountings.

41 (h) If an attorney in fact fails to deliver an accounting as required
42 under subsection (c); this section, the person requesting the accounting



1 may initiate an action in mandamus to compel the attorney in fact to
 2 render the accounting. The court may award the attorney's fees and
 3 court costs incurred under this subsection to the person requesting the
 4 accounting if the court finds that the attorney in fact failed to render an
 5 accounting as required under this section without just cause.

6 SECTION 30. IC 32-17-14-26, AS AMENDED BY P.L.149-2012,
 7 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2014]: Sec. 26. (a) If an agreement between the owner and a
 9 transferring entity is required to carry out a transfer on death transfer
 10 as described in section 7 of this chapter, a transferring entity may not
 11 adopt rules for the making, execution, acceptance, and revocation of a
 12 beneficiary designation that are inconsistent with this chapter.

13 (b) The following rules apply to a beneficiary designation:

14 (1) A beneficiary designation or a request for registration of
 15 property in beneficiary form must be made in writing, signed by
 16 the owner, dated, and, in the case of a transfer on death deed,
 17 compliant with all requirements for the recording of deeds.

18 (2) A security that is not registered in the name of the owner may
 19 be registered in beneficiary form on instructions given by a broker
 20 or person delivering the security.

21 (3) A beneficiary designation may designate one (1) or more
 22 primary beneficiaries and one (1) or more contingent
 23 beneficiaries.

24 (4) On property registered in beneficiary form, a primary
 25 beneficiary is the person shown immediately following the
 26 transfer on death direction. Words indicating that the person is a
 27 primary beneficiary are not required. The name of a contingent
 28 beneficiary in the registration must have the words "contingent
 29 beneficiary" or words of similar meaning to indicate the
 30 contingent nature of the interest being transferred.

31 (5) Multiple surviving beneficiaries share equally in the property
 32 being transferred unless a different percentage or fractional share
 33 is stated for each beneficiary. If a percentage or fractional share
 34 is designated for multiple beneficiaries, the surviving
 35 beneficiaries share in the proportion that their designated shares
 36 bear to each other.

37 (6) A transfer of unequal shares to multiple beneficiaries for
 38 property registered in beneficiary form may be expressed in
 39 numerical form following the name of the beneficiary in the
 40 registration.

41 (7) A transfer on death transfer of property also transfers any
 42 interest, rent, royalties, earnings, dividends, or credits earned or



- 1 declared on the property but not paid or credited before the
 2 owner's death.
- 3 (8) If a distribution by a transferring entity under a transfer on
 4 death transfer results in fractional shares in a security or other
 5 property that is not divisible, the transferring entity may distribute
 6 the fractional shares in the name of all beneficiaries as tenants in
 7 common or as the beneficiaries may direct, or the transferring
 8 entity may sell the property that is not divisible and distribute the
 9 proceeds to the beneficiaries in the proportions to which they are
 10 entitled.
- 11 (9) On the death of the owner, the property, minus all amounts
 12 and charges owed by the owner to the transferring entity, belongs
 13 to the surviving beneficiaries and, in the case of substitute
 14 beneficiaries permitted under section 22 of this chapter, the lineal
 15 descendants of designated beneficiaries who did not survive the
 16 owner are entitled to the property as follows:
- 17 (A) If there are multiple primary beneficiaries and a primary
 18 beneficiary does not survive the owner and does not have a
 19 substitute under section 22 of this chapter, the share of the
 20 nonsurviving beneficiary is allocated among the surviving
 21 beneficiaries in the proportion that their shares bear to each
 22 other.
- 23 (B) If there are no surviving primary beneficiaries and there
 24 are no substitutes for the nonsurviving primary beneficiaries
 25 under section 22 of this chapter, the property belongs to the
 26 surviving contingent beneficiaries in equal shares or according
 27 to the percentages or fractional shares stated in the
 28 registration.
- 29 (C) If there are multiple contingent beneficiaries and a
 30 contingent beneficiary does not survive the owner and does not
 31 have a substitute under section 22 of this chapter, the share of
 32 the nonsurviving contingent beneficiary is allocated among the
 33 surviving contingent beneficiaries in the proportion that their
 34 shares bear to each other.
- 35 (10) If a trustee designated as a beneficiary:
- 36 (A) does not survive the owner;
- 37 (B) resigns; or
- 38 (C) is unable or unwilling to execute the trust as trustee and
 39 no successor trustee is appointed in the twelve (12) months
 40 following the owner's death;
- 41 the transferring entity may make the distribution as if the trust did
 42 not survive the owner.



- 1 (11) If a trustee is designated as a beneficiary and no affidavit of
2 certification of trust or probated will creating an express trust is
3 presented to the transferring entity within the twelve (12) months
4 after the owner's death, the transferring entity may make the
5 distribution as if the trust did not survive the owner.
- 6 (12) If the transferring entity is not presented evidence during the
7 twelve (12) months after the owner's death that there are lineal
8 descendants of a nonsurviving beneficiary for whom LDPS
9 distribution applies who survived the owner, the transferring
10 entity may make the transfer as if the nonsurviving beneficiary's
11 descendants also failed to survive the owner.
- 12 (13) If a beneficiary cannot be located at the time the transfer is
13 made to located beneficiaries, the transferring entity shall hold the
14 missing beneficiary's share. If the missing beneficiary's share is
15 not claimed by the beneficiary or by the beneficiary's personal
16 representative or successor during the twelve (12) months after
17 the owner's death, the transferring entity shall transfer the share
18 as if the beneficiary did not survive the owner.
- 19 (14) A transferring entity has no obligation to attempt to locate a
20 missing beneficiary, to pay interest on the share held for a missing
21 beneficiary, or to invest the share in any different property.
- 22 (15) Cash, interest, rent, royalties, earnings, or dividends payable
23 to a missing beneficiary may be held by the transferring entity at
24 interest or reinvested by the transferring entity in the account or
25 in a dividend reinvestment account associated with a security held
26 for the missing beneficiary.
- 27 (16) If a transferring entity is required to make a transfer on death
28 transfer to a minor or an incapacitated adult, the transfer may be
29 made under the Indiana Uniform Transfers to Minors Act, the
30 Indiana Uniform Custodial Trust Act, or a similar law of another
31 state.
- 32 (17) A written request for the execution of a transfer on death
33 transfer may be made by any beneficiary, a beneficiary's legal
34 representative or attorney in fact, or the owner's personal
35 representative.
- 36 (18) A transfer under a transfer on death deed occurs
37 automatically upon the owner's death subject to the requirements
38 of subdivision (20) and does not require a request for the
39 execution of the transfer.
- 40 (19) A written request for the execution of a transfer on death
41 transfer must be accompanied by the following:
- 42 (A) A certificate or instrument evidencing ownership of the



- 1 contract, account, security, or property.
 2 (B) Proof of the deaths of the owner and any nonsurviving
 3 beneficiary.
 4 (C) An inheritance tax waiver from states that require it.
 5 (D) In the case of a request by a legal representative, a copy of
 6 the instrument creating the legal authority or a certified copy
 7 of the court order appointing the legal representative.
 8 (E) Any other proof of the person's entitlement that the
 9 transferring entity may require.
 10 (20) On the death of an owner whose transfer on death deed has
 11 been recorded, the beneficiary shall file an affidavit in the office
 12 of the recorder of the county in which the real property is located.
 13 The affidavit must be endorsed by the county auditor under
 14 IC 36-2-11-14 in order to be recorded. The affidavit must contain
 15 the following:
 16 (A) The legal description of the property.
 17 ~~(B) A certified copy of the death certificate certifying the~~
 18 ~~owner's death.~~
 19 **(B) The date of death of the owner.**
 20 (C) The name and address of each designated beneficiary who
 21 survives the owner or is in existence on the date of the owner's
 22 death.
 23 (D) The name of each designated beneficiary who has not
 24 survived the owner's death or is not in existence on the date of
 25 the owner's death.
 26 (E) A cross-reference to the recorded transfer on death deed.
 27 (c) A beneficiary designation is presumed to be valid. A party may
 28 rely on the presumption of validity unless the party has actual
 29 knowledge that the beneficiary designation was not validly executed.
 30 A person who acts in good faith reliance on a transfer on death deed is
 31 immune from liability to the same extent as if the person had dealt
 32 directly with the named owner and the named owner had been
 33 competent and not incapacitated.



COMMITTEE REPORT

Madam President: The Senate Committee on Judiciary, to which was referred Senate Bill No. 36, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 36 as introduced.)

Committee Vote: Yeas 9, Nays 0

Senator Steele, Chairperson

