



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB1136

Introduced 02/08/05, by Rep. Randall M. Hultgren

SYNOPSIS AS INTRODUCED:

760 ILCS 5/4
760 ILCS 5/4.26 new

from Ch. 17, par. 1654

Amends the Trusts and Trustees Act. Permits a trustee to terminate a trust if it has a market value of less than \$100,000 and the costs of continuing the trust will substantially impair the purpose of the trust. Outlines how distribution shall be made. Provides that a trustee who is an income beneficiary may not participate as a trustee in the exercise of termination power. Effective immediately.

LRB094 08678 LCB 38889 b

1 AN ACT concerning trusts.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Trusts and Trustees Act is amended by
5 changing Section 4 and adding Section 4.26 as follows:

6 (760 ILCS 5/4) (from Ch. 17, par. 1654)

7 Sec. 4. Powers of Trustee. The trustee has the powers
8 specified in the Sections following this Section and preceding
9 Section 5 ~~4.01 through 4.25.~~

10 (Source: P.A. 88-367.)

11 (760 ILCS 5/4.26 new)

12 Sec. 4.26. Small trust termination. To terminate the trust
13 and distribute the trust estate, including principal and
14 accrued and undistributed income, if the trustee determines, in
15 the trustee's sole discretion, that the market value of a trust
16 is less than \$100,000 and that the costs of continuing the
17 trust will substantially impair accomplishment of the purpose
18 of the trust.

19 Distribution shall be made to the persons then entitled to
20 receive or eligible to have the benefit of the income from the
21 trust in the proportions in which they are entitled thereto, or
22 if their interests are indefinite, to those persons per stirpes
23 if they have a common ancestor, or if not, then in equal
24 shares.

25 If a particular trustee is an income beneficiary of the
26 trust or is legally obligated to an income beneficiary, then
27 that particular trustee may not participate as a trustee in the
28 exercise of this termination power; provided, however, that if
29 the trust has one or more co-trustees who are not so
30 disqualified from participating, the co-trustee or co-trustees
31 may exercise this power.

1 This Section shall not apply to the extent that it would
2 cause a trust otherwise qualifying for a federal or State tax
3 benefit or other benefit not to so qualify.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.