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SB-1127 Trust termination. (2023-2024)

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Date Published: 07/03/2024 04:00 AM

Senate Bill No. 1127

CHAPTER 76

An act to amend Section 15408 of the Probate Code, relating to trusts.

[Approved by Governor July 02, 2024. Filed with Secretary of State July 02, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1127, Niello. Trust termination.

Existing law establishes procedures for the creation, modification, and termination of a trust, and regulates the administration of trusts by trustees on behalf of beneficiaries. Existing law authorizes a trustee to terminate a trust if the principal of a trust does not exceed \$50,000 in value.

This bill would instead grant a trustee the power to terminate a trust if the fair market value of its principal does not exceed \$100,000 in value.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 15408 of the Probate Code is amended to read:

15408. (a) On petition by a trustee or beneficiary, if the court determines that the fair market value of the principal of a trust has become so low in relation to the cost of administration that continuation of the trust under its existing terms will defeat or substantially impair the accomplishment of its purposes, the court may, in its discretion and in a manner that conforms as nearly as possible to the intention of the settlor, order any of the following:

- (1) Termination of the trust.
- (2) Modification of the trust.
- (3) Appointment of a new trustee.

(b) Notwithstanding subdivision (a), if the fair market value of the principal of a trust does not exceed one hundred thousand dollars (\$100,000) in value, the trustee has the power to terminate the trust.

(c) The existence of a trust provision restraining transfer of the beneficiary's interest does not prevent application of this section.