

633F.17 Distribution on termination.

1. Upon termination of a custodial trust, the custodial trustee shall transfer the unexpended custodial trust property:

- a. To the beneficiary, if not incapacitated or deceased.
- b. To the beneficiary’s legal representative or other recipient designated by the court for an incapacitated beneficiary.
- c. Upon the beneficiary’s death, in the following order:
 - (1) As last directed in a writing signed by the deceased beneficiary while not incapacitated and received by the custodial trustee during the life of the deceased.
 - (2) As designated in the instrument creating the custodial trust.
 - (3) To the estate of the deceased beneficiary.

2. The direction to the custodial trustee by a beneficiary who is not incapacitated, for distribution on termination of the custodial trust may be in any written form clearly identifying the distributee and may be substantially similar to the following:

I, _____ (name of beneficiary) hereby direct
 _____ (name of custodial trustee) as custodial trustee, to transfer and pay the unexpended balance of the custodial trust property of which I am beneficiary to _____ (name of distributee) as distributee on the termination of the trust at my death. In the event of the prior death of _____ (name of distributee) above named as distributee, I designate _____ (name of distributee) as distributee of the custodial trust property.

Signed _____ (signature of beneficiary).

Date _____

Receipt Acknowledged: _____ (signature of custodial trustee)

Date _____

3. If, when the custodial trust would otherwise terminate, the distributee is incapacitated, the custodial trust continues for the use and benefit of the distributee as beneficiary until the incapacity is removed or the custodial trust is otherwise terminated.

4. Death of a beneficiary does not terminate the power of the custodial trustee to discharge obligations of the custodial trustee or beneficiary incurred before the termination of the custodial trust.

[2021 Acts, ch 8, §17](#); [2022 Acts, ch 1021, §167](#)