

House File 2344 - Introduced

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BY GUSTOFF

A BILL FOR

1 An Act relating to trusts, including irrevocable trusts, trust
2 petitions, and trust proceedings.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 633A.2203, subsection 5, Code 2024, is
2 amended to read as follows:

3 5. A spendthrift provision, or a provision giving the
4 trustee discretion to distribute income or principal to a
5 beneficiary or among beneficiaries, ~~in the terms of the trust~~
6 ~~is presumed to constitute a material purpose of the trust~~
7 may help implement a material purpose of the settlor. A
8 spendthrift provision, or a provision giving the trustee
9 discretion to distribute income or principal to a beneficiary
10 or among beneficiaries, is enforceable against beneficiaries
11 and third parties that attempt to force the trustee to act or
12 to reach trust assets. A spendthrift provision, or a provision
13 giving the trustee discretion to distribute income or principal
14 to a beneficiary or among beneficiaries, does not create a
15 presumption that the settlor would not want the trust to be
16 modified or terminated when all of the beneficiaries consent
17 and if circumstances not anticipated by the settlor indicate
18 that the best interests of the beneficiaries as a class will be
19 better served if the trust is modified or terminated.

20 Sec. 2. Section 633A.6202, subsection 1, Code 2024, is
21 amended to read as follows:

22 1. Except as otherwise provided in [section 633A.3103](#), a
23 trustee, ~~or~~ beneficiary, or other interested party of a trust
24 may petition the court concerning the internal affairs of the
25 trust or to determine the existence of the trust.

26 Sec. 3. Section 633A.6202, subsection 2, paragraphs e, f, h,
27 i, j, and k, Code 2024, are amended to read as follows:

28 e. Settle accounts and pass upon the acts of the any
29 trustee, trust director, or trust protector, including the
30 exercise of discretionary powers.

31 f. Instruct ~~the~~ any trustee, trust director, or trust
32 protector.

33 h. Grant powers to or modify powers of ~~the~~ any trustee,
34 trust director, or trust protector.

35 i. Fix or allow payment of the ~~trustee's~~ compensation of the

1 trustee or any trust director or trust protector or review the
2 reasonableness of the compensation.

3 *j.* Appoint or remove a any trustee, trust director, or trust
4 protector.

5 *k.* Accept the resignation of a any trustee, trust director,
6 or trust protector.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill relates to trusts, including irrevocable trust
11 provisions, petitions, and proceedings.

12 The bill provides that a spendthrift provision may help
13 implement a material purpose of a trust. The bill provides
14 that spendthrift provisions, or provisions giving the
15 trustee discretion to distribute income or principal to a
16 beneficiary or among beneficiaries, shall be enforceable
17 against beneficiaries and third parties that (1) try to force
18 the trustee to do something against the provisions of the trust
19 or (2) try to gain access to the trust assets. A spendthrift
20 provision, or a provision giving the trustee discretion to
21 distribute income or principal to a beneficiary or among
22 beneficiaries, shall not create a presumption that the settlor
23 would not want the trust modified or terminated if doing so
24 would be in the best interests of the beneficiaries and all the
25 beneficiaries consent to the modification or termination of the
26 trust.

27 The bill allows an interested party, in addition to a trustee
28 or beneficiary of a trust, to petition the court about the
29 internal affairs of the trust or to determine the trust. The
30 bill also expands the scope of the proceedings to include the
31 following: (1) to settle accounts and pass upon the acts of
32 the trust director or trust protector, (2) to instruct the
33 trust director or trust protector, (3) to grant or modify
34 powers of the trust director or trust protector, (4) fix the
35 compensation of the trust director or trust protector, (5) to

1 appoint or remove the trust director or trust protector, and
2 (6) to accept the resignation of the trust director or trust
3 protector.