

Chapter 499

(Senate Bill 382)

AN ACT concerning

Maryland Trust Act – Division or Consolidation of Trust

FOR the purpose of authorizing a trustee to divide a trust into two or more separate trusts or consolidate two or more trusts into a single trust if a beneficiary does not object in writing within a certain time frame; requiring a trustee to divide a trust into two or more separate trusts or consolidate two or more trusts into a single trust in a certain manner; and generally relating to the division or consolidation of trusts.

BY repealing and reenacting, with amendments,
Article – Estates and Trusts
Section 14.5–415
Annotated Code of Maryland
(2017 Replacement Volume and 2018 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Estates and Trusts

14.5–415.

(a) (1) Subject to the provisions of paragraph (2) of this subsection, on petition by a trustee, personal representative, beneficiary, or party in interest, after notice as the court may direct to the trustees, personal representatives, beneficiaries, and parties in interest, and for good cause shown, a court may:

- (i) Divide a trust into two or more separate trusts; or
- (ii) Consolidate two or more trusts into a single trust.

(2) A court may divide a trust or consolidate trusts:

- (i) On terms and conditions as the court considers appropriate; and
- (ii) If the court is satisfied that a division of a trust or consolidation of trusts will not defeat or materially impair:

- 1. The accomplishment of trust purposes; or
- 2. The interests of the beneficiaries.

(3) A court may pass orders that the court considers proper or necessary to protect the interests of:

- (i) A trustee;
- (ii) A personal representative;
- (iii) A beneficiary; or
- (iv) A party in interest.

(b) [This] **SUBSECTION (A) OF THIS** section may not be construed to limit the right of a trustee or personal representative to divide a trust or consolidate trusts, without an order of a court, in accordance with the applicable provisions of the governing instrument.

(C) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF A TRUST INSTRUMENT DOES NOT PROVIDE FOR THE CONSOLIDATION OR DIVISION OF A TRUST, A TRUSTEE MAY, WITHOUT AN ORDER OF A COURT:

- (I) DIVIDE A TRUST INTO TWO OR MORE SEPARATE TRUSTS; OR**
- (II) CONSOLIDATE TWO OR MORE TRUSTS INTO A SINGLE TRUST.**

(2) A TRUSTEE MAY NOT DIVIDE A TRUST INTO TWO OR MORE SEPARATE TRUSTS OR CONSOLIDATE TWO OR MORE TRUSTS INTO A SINGLE TRUST IF A BENEFICIARY OBJECTS IN WRITING WITHIN 30 DAYS AFTER THE TRUSTEE PROVIDED NOTICE UNDER § 14.5-109 OF THIS TITLE.

(3) A TRUSTEE MAY DIVIDE A TRUST OR CONSOLIDATE TRUSTS:

(I) ON TERMS AND CONDITIONS AS THE TRUSTEE CONSIDERS APPROPRIATE;

(II) IF THE DIVISION OF A TRUST OR CONSOLIDATION OF A TRUST GRANTS BENEFICIAL INTERESTS TO THE BENEFICIARIES THAT, IN THE AGGREGATE, ARE SUBSTANTIALLY SIMILAR TO THE INTERESTS THE BENEFICIARIES HAD BEFORE THE DIVISION OF THE TRUST OR CONSOLIDATION OF THE TRUST; AND

(III) IF THE TRUSTEE IS SATISFIED THAT A DIVISION OF A TRUST OR CONSOLIDATION OF TRUSTS WILL NOT DEFEAT OR MATERIALLY IMPAIR:

1. **THE ACCOMPLISHMENT OF TRUST PURPOSES; OR**
2. **THE INTERESTS OF THE BENEFICIARIES.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.

Approved by the Governor, May 13, 2019.