

OHIO TRUST CODE

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BACKGROUND

- 2000 Uniform Trust Code
- Codification of the Common Law of Trusts
- Improve Trust Administration
- Make Ohio More “Trust-Friendly”
- The Legislative Process
- Effective Date: 01/01/2007
 - ◆ Application to Charitable and Non-charitable Trusts



TRUSTEE DUTIES AND POWERS

- Default Statutory Duties and Powers
 - ◆ Add to Instrument Powers not Enumerated
- Delegation of Duties
- Duty of Loyalty
- Duty to Prudently Administer
- Authority to Follow Directions of Trust Settlor or Third Party



DUTY OF DISCLOSURE

- Identify Beneficiary Type
 - ◆ Current
 - ◆ Qualified
 - ◆ Other
- Default and Mandatory Rules
 - ◆ Notice Within 60 Days
- Beneficiary Surrogate



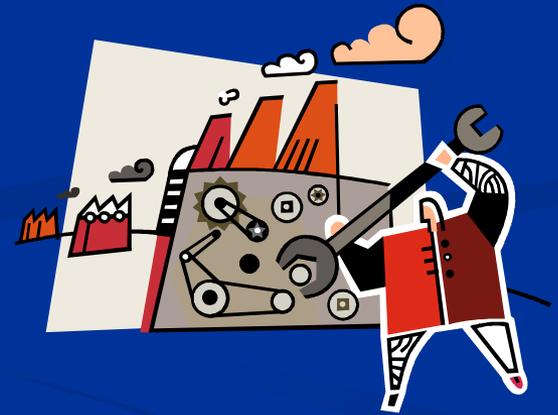
INVESTMENT POWERS

- Prudent Investor Rule
- Retention of Stock of Trustee Bank
- Ability to Invest in Affiliated Offerings
- Ohio Uniform Principal and Income Act



ABILITY TO ADJUST

- Allocation of Receipts and Disbursements Among Principal and Income
- Factors to be Considered
 - ◆ Statutory Listing
- Prohibited Adjustments
 - ◆ Statutory Listing
- Safe Harbor Income Payment
 - ◆ 4% of trust FMV on first business day of the year



COMPENSATION

- Default – Reasonableness Standard
- Considerations to Change Compensation
- Report and Notice to Current Beneficiaries
 - ◆ Timing of Notice
 - ◆ Reporting
- Reimbursement of Proper Expenses

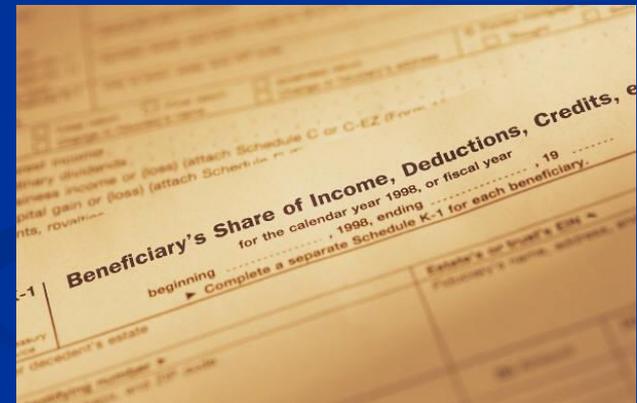


TAXATION OF TRUST INCOME

- Resident Trust Taxation
 - ◆ Definition
 - ◆ Taxable Income

- Nonresident Trust Taxation
 - ◆ Definition
 - ◆ Taxable Income

- Other Concerns



TRUST SITUS ISSUES

- Principal Place of Administration vs. Governing Law Provisions
 - ◆ Place of Administration = Place of Taxation
 - ◆ Changing the Principal Place of Administration



- Resident Trust with Beneficiaries Outside Ohio
 - ◆ Taxation Issues