

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6095
BILL NUMBER: SB 9

DATE PREPARED: Mar 3, 1999
BILL AMENDED: Mar 3, 1999

SUBJECT: Uniform Prudent Investor Act.

FISCAL ANALYST: Jim Mundt
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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: (Amended) This bill adopts the Uniform Prudent Investor Act. It requires a trustee to administer the trust prudently by exercising care, skill, and caution; by using the trustee's skills and expertise; by incurring only appropriate costs in investing assets; and by diversifying the investments of the trust, unless circumstances require otherwise or a non-incapacitated beneficiary instructs otherwise. It also requires the trustee to be loyal to the trust and to treat co-beneficiaries impartially.

The bill allows the trustee to delegate investment and management functions to an agent if the trustee exercises reasonable care, skill, and caution in selecting an agent, in establishing the scope of the delegation, and in periodically reviewing the agent's actions. It makes a trustee immune from liability for the actions of an agent acting within the scope of agency if the trustee has exercised reasonable care, skill, and caution. It also creates a duty between an agent and a beneficiary. The bill subjects an agent to the jurisdiction of Indiana if the agent accepts the delegation of investment and management functions of a trust subject to Indiana law. It also makes conforming amendments.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: