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New Law Governing Trusts in Maryland

By James T. Montgomery, Jr.

Note that the Governor and General Assembly for the State of Maryland have recently enacted a new law governing the operations of virtually all trusts and trustee arrangements in Maryland – namely, the “Maryland Trust Act”.

This new law has been designed to govern virtually all of the fiduciary duties of trustees, the rights of beneficiaries, and the relationships between and among trustees, beneficiaries and their creditors. Most notably, the new law vests beneficiaries with very broad and sweeping rights to make repeated demands from trustees for detailed information, reports and accountings concerning the handling of trust assets. Further, the new law prescribes detailed parameters within which creditors of trustees and beneficiaries may or may not reach trust assets as a source of satisfying outstanding debts and obligations.

As the new Maryland Trust Act will be effective with respect to virtually all existing as well as new trust arrangements, prior estate and business succession plans incorporating trust arrangements in Maryland may need to be revisited.