

34-GS2636\N
Gunther
3/17/26

CS FOR SENATE BILL NO. 225(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to trusts; relating to nonjudicial settlement agreements in matters**
2 **involving the administration of a trust; relating to claims of a beneficiary against a**
3 **trustee; relating to the modification and termination of irrevocable trusts; and**
4 **providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 13.36 is amended by adding a new section to read:

7 **Sec. 13.36.057. Nonjudicial settlement agreements.** (a) Except as provided in
8 this section, indispensable parties may enter into a binding nonjudicial settlement
9 agreement with respect to any matter involving the administration of a trust without
10 the approval of the court.

11 (b) A nonjudicial settlement agreement is valid only to the extent that the
12 agreement does not violate a material purpose of the trust and includes terms and
13 conditions that could be properly approved by the court under this chapter or other
14 applicable law.

1 (c) Matters that may be resolved by a nonjudicial settlement agreement
2 include

- 3 (1) the investment or use of trust assets;
4 (2) the lending or borrowing of money;
5 (3) the addition, deletion, or modification of a term or condition of the
6 trust;
7 (4) the interpretation or construction of a term of the trust;
8 (5) the designation or transfer of the principal place of administration
9 of the trust;
10 (6) the approval of a report of a trustee under AS 13.36.100;
11 (7) the choice of law governing the construction of the trust instrument
12 or administration of the trust;
13 (8) the direction of a trustee to perform or refrain from performing a
14 particular act;
15 (9) the grant to a trustee of any necessary or desirable power;
16 (10) the resignation or appointment of a trustee and the determination
17 of a trustee's compensation;
18 (11) a merger or division of trusts;
19 (12) the grant of approval or authority for a trustee to make charitable
20 gifts from a noncharitable trust;
21 (13) the liability of a trustee for an action relating to the trust; and
22 (14) the termination of the trust.

23 (d) A nonjudicial settlement agreement takes effect when the agreement has
24 been signed by all indispensable parties. If an indispensable party may be represented
25 and bound by another person under AS 13.06.120, the agreement is considered to have
26 been signed by the indispensable party if the agreement is signed by the person who
27 may represent and bind the indispensable party under AS 13.06.120.

28 (e) An indispensable party may petition the court to approve a nonjudicial
29 settlement agreement.

30 (f) In this section, "indispensable party" means an interested person, as
31 defined in AS 13.06.050, whose consent would be required to achieve a binding

1 settlement if the settlement were to be approved by the court.

2 * **Sec. 2.** AS 13.36.100(a) is amended to read:

3 (a) Unless resolved or barred under (b), [OR] (c), **or (i)** of this section, and
4 notwithstanding the lack of adequate disclosure, all claims against a trustee who has
5 issued a report received by the beneficiary and who has informed the beneficiary of
6 the location and availability of records for examination by the beneficiary are barred
7 unless a proceeding to assert the claims is commenced within three years after the
8 beneficiary's receipt of the report.

9 * **Sec. 3.** AS 13.36.100 is amended by adding a new subsection to read:

10 (i) All potential claims of a beneficiary against a trustee are barred if a report
11 that adequately discloses the existence of the potential claims is approved by the
12 beneficiary in a nonjudicial settlement agreement under AS 13.36.057.

13 * **Sec. 4.** AS 13.36.360(a) is amended to read:

14 (a) Except as otherwise provided by this section, on petition by a trustee,
15 settlor, or beneficiary, a court may modify or terminate an irrevocable trust if all of the
16 beneficiaries consent and if continuation of the trust on the existing terms of the trust
17 is not necessary to further a material purpose of the trust. However, the court, in its
18 discretion, may determine that the reason for modifying or terminating the trust under
19 the circumstances outweighs the interest in accomplishing the material purposes of the
20 trust. The inclusion of a restriction on the voluntary or involuntary transfer of trust
21 interests under AS 34.40.110 may constitute a material purpose of the trust under this
22 subsection, but is not presumed to constitute a material purpose of the trust under this
23 subsection. **If a settlor of an irrevocable trust consents to the modification or**
24 **termination of the trust, there is a rebuttable presumption that continuing the**
25 **trust on the existing terms of the trust is not necessary to further a material**
26 **purpose of the trust and that the reason for modifying or terminating the trust**
27 **outweighs the interest in accomplishing the material purposes of the trust.**

28 * **Sec. 5.** AS 13.36.360(b) is repealed.

29 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 APPLICABILITY. AS 13.36.360(a), as amended by sec. 4 of this Act, and the repeal

1 of AS 13.36.360(b) by sec. 5 of this Act apply to a trust that is created on or after the effective
2 date of this Act.

3 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).