

SENATE, No. 4598

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED SEPTEMBER 28, 2026

Sponsored by:
Senator JOHN F. MCKEON
District 27 (Essex and Passaic)

SYNOPSIS

Authorizes trustee of trust, under certain circumstances, to terminate service without filing formal accounting with court or obtaining release agreements from beneficiaries.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning termination of trusteeship and supplementing
2 chapter 70 of Title 3B of the New Jersey Statutes.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Statutory Settlement of Trustee's Administration.

8 a. A trustee may settle its account pursuant to this section if:

9 (1) the trust terminates in whole or in part;

10 (2) the trustee ceases to serve for any reason; or

11 (3) the trustee seeks discharge for an interim accounting period
12 when it will continue to serve as trustee.

13 b. When a trustee elects to proceed pursuant to this section, the
14 trustee shall, within a reasonable time, give notice of a request for
15 settlement of its account in the manner and to the extent required by
16 section 1 of P.L.2015, c.276 (C.3B:31-9 and C.3B:31-10) to:

17 (1) the qualified beneficiaries of the trust;

18 (2) any other beneficiary who has sent the trustee a request for
19 notice;

20 (3) any person who has the notification rights of a qualified
21 beneficiary under section 1 of P.L.2015, c.276 (C.3B:31-10); and

22 (4) any co-trustee, successor trustee, adviser, or other fiduciary.

23 c. The trustee may also provide notice to any other person who
24 the trustee reasonably believes may have an interest in the trust.

25 d. The notice under this section shall provide:

26 (1) The reason for providing the notice;

27 (2) To the extent applicable, the proposed distribution of the net
28 assets of the trust, including the distributees and proportions to be
29 distributed;

30 (3) To the extent applicable, an estimate of disbursements
31 anticipated to be made prior to distribution, including legal fees and
32 trustee fees, if any;

33 (4) Trust account statements showing all transactions, including
34 the trust property, liabilities, receipts, and disbursements, including
35 the source and amount of the trustee's compensation, a listing of the
36 trust assets and if feasible, the respective fair market value of all
37 assets for the six months prior to the date a trust terminates, the
38 cessation of the trustee's service, or the end of the interim
39 accounting period, or for the entire term of the trust if the term of
40 the trust is shorter than the six-month period;

41 (5) A statement that the trustee seeks settlement of its account of
42 the trust, including the period of time for which the trustee seeks
43 discharge of its account of the trust, and that clearly and
44 conspicuously states that claims against a trustee, including claims
45 under section 1 of P.L.2015, c.276 (C.3B:31-71 through C.3B:31-81
46 and C.3B:31-45), will be forever barred if no objections are
47 received within the time period described in subsection f. of this
48 section;

1 (6) The name and mailing address of the trustee; and

2 (7) The name and telephone number of a person who may be
3 contacted for additional information.

4 e. A person provided notice under subsection b. or c. of this
5 section may object to the settlement of a trustee's account by
6 notifying the trustee in writing within 60 days after the notice was
7 sent. If the person provided notice makes timely objections to the
8 settlement of the trustee's account, the trustee or the person making
9 the objections may:

10 (1) submit the written objection to the court and commence a
11 proceeding for its resolution; or

12 (2) resolve the objections by nonjudicial settlement agreement
13 under section 1 of P.L.2015, c.276 (C.3B:31-11).

14 f. (1) If no timely objections are raised under subsection e. of
15 this section, or if objections are raised and subsequently resolved as
16 provided by subsection e. of this section, the settlement of the
17 trustee's account shall be deemed approved. If the trust is
18 terminating or the trustee is ceasing to serve as trustee, any assets
19 held in trust shall, within a reasonable time thereafter, be distributed
20 subject to payment of expenses. If the notice relates to an interim
21 accounting period, the assets shall continue to be administered in
22 trust subject to payment of expenses.

23 g. The trustee may rely upon the written statement of a person
24 receiving notice that the person does not object.

25 h. (1) When settlement of a trustee's final account is deemed
26 approved pursuant to this section for a terminated trust or with
27 respect to the duties of a trustee who ceased to serve, each person
28 who was sent notice pursuant to this section is barred from bringing
29 a claim against the trustee or challenging the distribution of assets
30 of the trust to the same extent and with the same preclusive effect as
31 if the court had entered a final, unappealable judgment allowing the
32 trustee's final account in accordance with section 1 of P.L.2015,
33 c.276 (C.3B:17-8).

34 (2) When settlement of a trustee's interim account is deemed
35 approved pursuant to this section, each person who was sent notice
36 pursuant to this section is barred from bringing a claim against the
37 trustee for the period of the interim account to the same extent and
38 with the same preclusive effect as if the court had entered a final,
39 unappealable judgment allowing the trustee's interim account in
40 accordance with section 1 of P.L.2015, c.276 (C.3B:17-8).

41 i. Nothing in this section shall preclude a trustee from
42 proceeding under section 1 of P.L.2015, c.276 (C.3B:17-3,
43 C.3B:17-10, or C.3B:31-11). If a trustee proceeds in accordance
44 with the terms of this section, the trustee will have no requirement
45 to file a release or discharge in accordance with section 1 of
46 P.L.2015, c.276 (C.3B:17-1).

1 2. This act shall take effect on the 180th day following
2 enactment.

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5 STATEMENT

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7 This bill authorizes the trustee of a trust, under certain
8 circumstances, to terminate service without filing a formal
9 accounting with the court or obtaining release agreements from
10 beneficiaries.

11 Currently, in order to terminate service, the trustee must file a
12 request with the Superior Court and submit an accounting of the
13 trust assets. In the alternative, the trustee may terminate service by
14 obtaining a release from all trust beneficiaries, as long as the
15 beneficiaries have reached the age of majority and are not
16 incapacitated. In the view of the sponsor, these procedures may be
17 time consuming, costly, and delay distribution of the trust assets.

18 This bill would provide another alternative. It applies when a
19 trust terminates in whole or in part; a trustee ceases to serve for any
20 reason; or a trustee seeks discharge for an interim accounting period
21 when the trustee will continue to serve as trustee. Under the bill, a
22 trustee is required to provide notice to the trust beneficiaries and
23 any other fiduciary. The notice sets out the proposed distribution of
24 the trust assets; the disbursements to be made prior to distribution,
25 including any legal fees and trustee fees; trust account statements
26 showing liabilities, receipts and disbursements; a statement that the
27 trustee seeks settlement of its account of the trust, and that clearly
28 states that claims against a trustee will be forever barred if no
29 objections are received within 60 days after the notice is sent; and
30 names and contact information for the trustee and another person
31 who may be contacted for additional information.

32 The bill provides that a person may object to the settlement of a
33 trustee's account by notifying the trustee in writing within 60 days
34 after the notice was sent. If the person provided notice makes timely
35 objections to the settlement of the trustee's account, the trustee or
36 the person making the objections may submit the written objection
37 to the court and commence a proceeding for its resolution or resolve
38 the objections by nonjudicial settlement agreement pursuant to
39 statute.

40 Under the bill, if no timely objections are raised or if objections
41 are raised and subsequently resolved, the settlement of the trustee's
42 account will be deemed approved. If the trust is terminating or the
43 trustee is ceasing to serve as trustee, any assets held in trust will,
44 within a reasonable time, be distributed subject to payment of
45 expenses. If the notice relates to an interim accounting period, the
46 assets will continue to be administered in trust subject to payment
47 of expenses.

1 The bill provides that when settlement of a trustee's final
2 account or interim account is deemed approved for a terminated
3 trust or with respect to the duties of a trustee who ceased to serve,
4 each person who was sent notice is barred from bringing a claim
5 against the trustee or challenging the distribution of assets of the
6 trust to the same extent and with the same preclusive effect as if the
7 court had entered a final judgment in the matter allowing the
8 trustee's final account.