Table of Contents

Introduction

§ 1:1

CHAPTER 1. AN OVERVIEW OF TRUSTS

- § 1:2 The trust: definition, parties, property, the trust as a legal entity
 § 1:3 Divided ownership of trust property in Louisiana
 § 1:4 Trusts and prohibited substitutions; Trust Code provisions on substitutions
 § 1:5 "Vesting" of interests; dynasty trusts
 § 1:6 Powers of appointment in Louisiana; willing through a third party
- § 1:7 Express trusts not governed by the Trust Code: trusts for minors; generic trusts; charitable trusts
- § 1:8 Private express trusts: terminology
- § 1:9 The uses of private express trusts
- § 1:10 Resulting trusts and constructive trusts distinguished from express trusts
- § 1:11 Features of the Trust Code: mandatory and default rules in the Trust Code; retroactivity; severability; construction of the Code

CHAPTER 2. SETTLOR AND TRUST PURPOSES

A. IN GENERAL

§ 2:1 Introduction

B. SETTLOR

- § 2:2 Settlor defined; initial contribution of property; execution of trust documents; settlor's position after creation of trust
- § 2:3 Subsequent contributions of property to trust; consequences
- § 2:4 Multiple settlors: testamentary and inter vivos trusts
- § 2:5 Capacity of the settlor: inter vivos and testamentary trusts
- § 2:6 Vicarious creation of trust by settlor's agent or curator

C. TRUST PURPOSES: PERMISSIBLE AND IMPERMISSIBLE PURPOSES; PET TRUSTS, OTHER HONORARY TRUSTS

§ 2:7 Trust purposes: dispositions permitted

- § 2:8 Impermissible purposes: illegality, violation of public policy, impossibility, capricious purposes
- § 2:9 Pet trusts and other honorary trusts

D. MIXED TRUSTS: PRIVATE AND CHARITABLE TRUSTS

- § 2:10 Beneficiaries and types
- § 2:11 Transfer and termination of interests

CHAPTER 3. FORM AND EFFECTIVE DATE OF TRUST

A. IN GENERAL

§ 3:1 Introduction

B. FORM: WRITING, MANIFESTATION OF INTENT TO CREATE TRUST

- § 3:2 Writing and other requirements of form
- § 3:3 Manifestation of intent to create a trust
- § 3:4 Precatory language
- $\S~3:5$ Reformation of trust to correct mistaken expressions of intent
- § 3:6 Intent expressed in another document: incorporation by reference

C. FORM: METHODS OF CREATING A TRUST; EFFECTIVE DATE; RECORDATION

- § 3:7 Testamentary trusts: definition; creation by attested and olographic wills
- § 3:8 Inter vivos trusts: forms and methods of creation; settlor who remains in possession of trust property
- § 3:9 Revocable trusts; other nonprobate transfers
- § 3:10 Effective date of trust; delivery of trust assets to trustee
- § 3:11 Recordation of trust

D. TRUSTS DISTINGUISHED FROM OTHER INTERESTS

§ 3:12 Trusts and other interests distinguished: common law and Louisiana law

CHAPTER 4. TRUST PROPERTY

A. IN GENERAL

§ 4:1 Introduction

B. TRUST PROPERTY IN GENERAL

- § 4:2 Necessity of trust property; possible exception; broad definition of property; examples
- § 4:3 Property not in existence when trust is created; property not owned by settlor
- § 4:4 Non-transferable property
- § 4:5 Property not susceptible of private ownership
- § 4:6 Lack of specificity: indefinite designation of property

C. ADDITIONS TO TRUST PROPERTY AFTER CREATION OF THE TRUST

- § 4:7 Restrictions: required approvals; effect of disapproval
- § 4:8 Additions: form; date of addition; effect of addition
- § 4:9 Additions by testament: pour-over to inter vivos trust; existence of receptacle trust
- § 4:10 Additions of the annual exclusion amount

D. SPECIAL PROPERTY OR INTERESTS IN TRUST

- § 4:11 Community property in trust
- § 4:12 The usufruct in trust

CHAPTER 5. THE TRUSTEE

- § 5:1 Introduction
- § 5:2 Definition of trustee; necessity of trustee
- § 5:3 Eligible trustees; capacity of trustee; exclusions; settlor as trustee
- § 5:4 Number of trustees; categories; selection of trustee
- § 5:5 Provisional trustee
- § 5:6 Acceptance and refusal of trust by trustee
- § 5:7 Resignation and removal of trustee; effect; appeal
- § 5:8 Duties of trustee when trust ends
- § 5:9 Bond
- § 5:10 Compensation and indemnity of trustee
- § 5:11 New developments: trust protectors; directed trusts

CHAPTER 6. THE BENEFICIARY

A. IN GENERAL

§ 6:1 Introduction

B. THE NECESSITY FOR A DESIGNATED BENEFICIARY

- § 6:2 Beneficiary defined; capacity of beneficiary; trustee as beneficiary; incidental beneficiaries; successors of the designated beneficiary
- § 6:3 The designation requirement; sufficiency of designation; designation of income or principal beneficiary only; exceptions to designation requirement; failure to designate beneficiary
- § 6:4 Beneficiary in being: the "vesting" requirement; exceptions to the vesting requirement
- § 6:5 Designated beneficiary who dies before creation of the trust: lapse and anti-lapse statutes
- § 6:6 Number of beneficiaries; concurrent and successive beneficiaries; beneficiary of income and principal; settlor as beneficiary

C. ACCEPTANCE AND REFUSAL BY THE BENEFICIARY

- § 6:7 Overview: creation and acceptance of trust distinguished; presumption of acceptance of trust benefits; formal and informal acceptance; refusal of benefits; refusal in favor of third party
- § 6:8 Refusal (disclaimer) by trust beneficiary: relation to acceptance; refusal by incompetent beneficiary; refusal of testamentary trust in order to take by intestate succession
- § 6:9 Beneficiary's refusal of interest in a testamentary trust
- § 6:10 Manner of refusal: form; conditional refusal; unequivocal refusal
- § 6:11 Retroactivity of refusal; partial refusal; effect of refusal in favor of third party; refusal of additions to trust
- § 6:12 Effect of beneficiary's refusal upon trustee
- § 6:13 Effect of beneficiary's refusal on interest refused
- § 6:14 Creditor's acceptance when beneficiary refuses

CHAPTER 7. TERM OF THE TRUST

- § 7:1 Introduction
- § 7:2 Stipulation of term by settlor; method of stipulating term

Table of Contents

- § 7:3 Term of trust in absence of stipulation
- § 7:4 Definition of "surviving income beneficiary"
- § 7:5 Effect of termination of the trust

CHAPTER 8. THE INTEREST OF THE BENEFICIARY: INCOME AND PRINCIPAL DISTRIBUTIONS

A. IN GENERAL

§ 8:1 Introduction

B. THE INTEREST OF THE INCOME BENEFICIARY

- § 8:2 Determination of income interest by settlor
- § 8:3 Trustee discretion over income benefits
- § 8:4 Accumulated income
- § 8:5 Effect of termination of income interest

C. THE INTEREST OF THE PRINCIPAL BENEFICIARY

- § 8:6 Vesting of principal in beneficiary's heir or legatee; conditional shifting to a substitute beneficiary
- § 8:7 The interest of the substitute beneficiary: initial vesting; shifting
- § 8:8 Other substitutions

D. DEPLETION OF PRINCIPAL DURING THE TERM OF THE TRUST: INVASION AND WITHDRAWAL POWERS

- § 8:9 Invasion authorized by trust instrument
- § 8:10 Invasion of principal authorized by court
- § 8:11 Power of income beneficiary to withdraw principal
- § 8:12 Annuity trusts and unitrusts

CHAPTER 9. ALIENATION AND SEIZURE OF THE BENEFICIARY'S INTEREST

A. IN GENERAL

§ 9:1 Introduction

B. VOLUNTARY AND INVOLUNTARY ALIENATION OF BENEFICIARY'S INTEREST

- § 9:2 Voluntary alienation: general rule; form of transfer; rights of transferee
- § 9:3 Involuntary alienation: seizure by creditor; procedure; priorities; bankruptcy; property exempt from seizure

C. RESTRICTIONS ON ALIENATION: SPENDTHRIFT AND LESSER RESTRICTIONS

- § 9:4 Restrictions on alienation: rationales; arguments for and against
- § 9:5 Spendthrift restrictions: definition; creation; scope and effect
- § 9:6 Lesser restrictions: prohibition on voluntary or involuntary alienation but not both
- § 9:7 Exceptions to spendthrift protection: special claims; settlor as beneficiary
- § 9:8 Release of trustee from liability by beneficiary

D. RESTRICTIONS ON ALIENATION ARISING FROM NATURE OF THE TRUST

§ 9:9 Restrictions on alienability in support and discretionary trusts

CHAPTER 10. CLASS TRUSTS

A. IN GENERAL

§ 10:1 Introduction

B. GENERAL RULES APPLICABLE TO CLASS TRUSTS

- § 10:2 Creation of the class trust: methods of creation; permissible classes and variations; initial vesting; modification of class trusts; dynasty trusts prohibited
- § 10:3 Settlor's manifestation of intent to create class trust
- § 10:4 Interest of class members when trust is created: income, principal or both; by roots or by heads
- § 10:5 Increase in class membership by birth or adoption: class opening and closing
- § 10:6 Decrease in class membership by death of class member during term of trust: conditional class gifts
- § 10:7 Testamentary trusts: increase and decrease before settlor's death; lapse ad substitute beneficiaries

Table of Contents

- § 10:8 Class as sole beneficiary of its interest; invasion of principal
- § 10:9 Term (duration) of class trust; reduction of excessive term

C. CLASS GIFT OF INCOME ONLY

§ 10:10 Absence of income beneficiary before class closes; closing of class

D. CLASS GIFT OF PRINCIPAL ONLY

§ 10:11 Closing of class, continuation of trust; termination of income interest when class is not closed

E. INCOME BENEFICIARY IS ONE CLASS, PRINCIPAL BENEFICIARY IS DIFFERENT CLASS

§ 10:12 General rule

F. SAME CLASS IS BENEFICIARY OF INCOME AND PRINCIPAL

§ 10:13 Interests in income; term of trust

CHAPTER 11. THE LEGITIME AND THE MARITAL PORTION IN TRUST

A. IN GENERAL

§ 11:1 Two instances of forced heirship: the legitime and the marital portion

B. THE LEGITIME IN TRUST

- § 11:2 The Civil Code background
- § 11:3 The legitime in trust: forced heir's income interest; term of the trust
- § 11:4 The surviving spouse's usufruct over the legitime
- § 11:5 The forced heir's interest in principal
- § 11:6 Calculation of the legitime: by heads and roots

C. THE MARITAL PORTION IN TRUST

- § 11:7 The Civil Code background
- § 11:8 The marital portion in trust: general rule
- § 11:9 Marital portion in full property or in usufruct; effect of improper stipulation

CHAPTER 12. MODIFICATION, TERMINATION, REVOCATION, AND RESCISSION OF THE TRUST

A. IN GENERAL

§ 12:1 Introduction: concepts and terminology

B. MODIFICATION AND TERMINATION BY SETTLOR

- § 12:2 Reservation of right to modify trust; effect of reserved right to revoke; concurrence of settlors in modification
- § 12:3 Unrestricted right to modify trust: effect, creation
- § 12:4 Settlor's authorization to trustee, or delegation to third party, of right to modify administrative and distributive provisions of trust
- § 12:5 Termination of trust: settlor's right to terminate; authorization to trustee to terminate; delegation of right; effect of termination; termination when trust owns immovable property

C. MODIFICATION AND TERMINATION BY THE TRUSTEE

- § 12:6 Combination and division of trusts; termination of small trusts
- § 12:7 Decanting by trustee

D. MODIFICATION AND TERMINATION BY THE COURT

- § 12:8 Changed conditions: deviation from administrative and investment provisions of trust instrument; trustee liability
- § 12:9 Changed conditions: deviation from distributive provisions of trust instrument
- § 12:10 Modification or termination when trust purposes becomes impossible or illegal to achieve

E. MODIFICATION AND TERMINATION BY THE BENEFICIARIES

- § 12:11 Trust indestructibility at common law: the Claffin doctrine
- § 12:12 Trust indestructibility in Louisiana

F. REVOCATION AND RESCISSION

- § 12:13 Revocation by settlor: reservation of right; partial and total revocation; multiple settlors; delegation of right
- § 12:14 Revocation or rescission under the general law; revocation on settlor's divorce
- § 12:15 Effect of revocation or rescission

G. FORMAL REQUIREMENTS FOR MODIFICATION, DIVISION, TERMINATION, OR REVOCATION OF TRUSTS

§ 12:16 Form; winding-up duties of trustee

CHAPTER 13. TRUSTEE'S POWERS

- § 13:1 Introduction
- § 13:2 Powers granted by trust instrument; limitations
- § 13:3 Powers granted by Trust Code
- § 13:4 Sale
- § 13:5 Lease
- § 13:6 Mortgage, pledge, borrowing
- § 13:7 Compromise, arbitration, and abandonment of claims
- § 13:8 Powers with respect to shares of stock
- § 13:9 Organizing a business
- § 13:10 Incurring expenses
- § 13:11 Common trust funds
- § 13:12 Winding up powers; distributions
- § 13:13 Attachment of powers to office
- § 13:14 Multiple trustees
- § 13:15 Delegation of powers

CHAPTER 14. TRUSTEE'S DUTIES: PRUDENCE, LOYALTY, ACCOUNTING, FURNISHING INFORMATION, CARE OF TRUST PROPERTY

A. IN GENERAL

§ 14:1 Introduction

B. THE DUTY OF PRUDENCE

§ 14:2 Nature and scope of duty

C. THE DUTY OF LOYALTY

§ 14:3 Source and nature of the duty; moral and deterrent

- bases; "no further inquiry" rule; associated duty of confidentiality
- § 14:4 Self-dealing by the trustee; other conflicts of interest; dealings with the beneficiary
- § 14:5 Exceptions to the duty of loyalty: three exclusions
- § 14:6 Exceptions to the duty of loyalty: transactions authorized by the Trust Code

D. DUTY TO RENDER ACCOUNTS AND FURNISH INFORMATION

- § 14:7 Accounting
- § 14:8 Furnishing of information; "quiet" trusts prohibited

E. DUTIES REGARDING THE TRUST PROPERTY

- § 14:9 Collection, control and preservation of trust property
- § 14:10 Separation of trust property; earmarking; deposit in bank

F. DELEGATION OF DUTIES

§ 14:11 Delegation of trustee's duties

CHAPTER 15. TRUSTEE'S DUTIES: PRUDENT INVESTING AND IMPARTIALITY

A. IN GENERAL

§ 15:1 Introduction

B. PRUDENT INVESTING

- § 15:2 The evolution of investment regulation: legal lists, the prudent man rule; the prudent investor rule
- § 15:3 Principles of prudent investing summarized
- § 15:4 Portfolio-wide standard of investments; categories of investments abolished
- § 15:5 Sensitivity to risk and return; market risk; asset allocation
- § 15:6 Firm and industry risk: diversification
- § 15:7 Cost consciousness
- § 15:8 Professional trustees and others: delegation of the investment function
- § 15:9 Inception assets
- § 15:10 Implementing the principles: default law; objective standard; rejection of hindsight bias; amateur and professional trustees

§ 15:11 Prudence and loyalty; social investing

C. IMPARTIALITY

- § 15:12 Introduction: the trustee's duties of prudent investing and impartiality
- § 15:13 The trustee's power to adjust "income" trusts for total return: adjustments between principal and income; conversion to unitrust; limitations on power to adjust
- § 15:14 Allocation of trust receipts and expenses to income and principal
- § 15:15 Designing trusts to invest for total return: unitrusts and annuity trusts; withdrawal powers in income beneficiary; discretionary trusts

CHAPTER 16. LIABILITIES OF PARTIES AND ACTIONS TO ENFORCE LIABILITIES

A. IN GENERAL

§ 16:1 Introduction

B. TRUSTEE'S LIABILITY TO BENEFICIARY FOR BREACH OF TRUST

- § 16:2 Breach of trust defined; remedies; who may enforce against trustee; liability in absence of breach of trust
- § 16:3 Damages for breach: measures of damages
- § 16:4 Damages: no-netting rule; interest; plaintiff's failure to mitigate damages; augmented or exemplary damages
- § 16:5 Injunctions
- § 16:6 Liability of cotrustee and successor trustee

C. RELIEF OF TRUSTEE FROM LIABILITY: BY SETTLOR, BENEFICIARY, OR PROPER COURT

- § 16:7 Relief from liability by the settlor
- § 16:8 Relief from liability by the beneficiary
- § 16:9 Relief from liability by the proper court

D. LIABILITY ON CONTRACTS, TORTS, AND OBLIGATIONS OF PROPERTY OWNERSHIP

- § 16:10 Liability of trustee, trust, and trust beneficiary to third parties
- § 16:11 Liability of third party to the trust and the trust beneficiary; limits of liability

E. ENFORCING LIABILITIES

- § 16:12 Actions and summary proceedings.
- § 16:13 Prescription: beneficiary's action for damages against the trustee
- $\$ 16:14 Prescription: beneficiary's other actions against the trustee
- § 16:15 Proper court
- § 16:16 Designation of attorney for trust and of registered agent for service of process
- § 16:17 Costs and attorney fees

CHAPTER 17. FOREIGN TRUSTS: CONFLICT OF LAWS

- § 17:1 Introduction: background on Louisiana conflict of laws statutes
- § 17:2 Form of multi-jurisdictional trust
- § 17:3 Succession of Voorhies revisited
- § 17:4 Recordation of foreign trust instrument
- § 17:5 Conveyance of immovable property by foreign trustee

Table of Laws and Rules

Table of Cases

Index