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CONNECTICUT'S NEW TRUST DECANTING STATUTE

In what undoubtedly is welcome news to trustees of Connecticut irrevocable trusts, effective January 1, 2025, Connecticut will join the growing list of states that specifically authorize "decanting" the assets of an otherwise irrevocable trust into a new trust with improved terms. While most Connecticut practitioners believe that decanting has always been available under Connecticut common law, the statute brings much needed certainty on that point, and outlines precisely what kinds of trusts can and cannot be decanted, and the mechanics of getting a decanting done.

Examples of situations in which decanting has been useful to our clients include:

- To remove provisions of an old trust that could subject the assets of the trust to the claims of a beneficiary's creditors or a beneficiary's divorcing spouse

- To narrow the class of beneficiaries of the trust
- To qualify the trust for various tax benefits
- To modify the trust to better carry out the grantor's intent
- To fix an error in the trust

Requirements. The statute permits decanting only if the trustee is authorized to make distributions of principal for the benefit of one or more current beneficiaries. It also imposes certain recordkeeping and notice requirements in order for the decanting to be effective.

If you believe that a trust in your family's estate planning portfolio might be a candidate for decanting, please contact your Wiggin and Dana Private Client Services Department attorney to discuss your options.