



TESTIMONY TO THE COMMITTEE ON JUDICIARY AND LABOR

**Monday, March 23, 2015; 9:35 a.m.
State Capitol, Conference Room 016**

To: The Honorable Gilbert S.C. Keith-Agaran, Chair
The Honorable Maile S.L. Shimabukuro, Vice Chair
Members of the Committee

Testimony in Support of HB26 HD1 Relating to the Compensation of Trustees

My name is Stafford Kiguchi and I am testifying on behalf of the Trust Services Group at Bank of Hawaii in support of HB26 HD1 to include minor amendments. HB26 HD1 amends HRS 607-18 (Compensation of Trustees) and makes important clerical corrections to the version of the law enacted last year.

The bill, as amended, allows for more clearly defined implementation and helps ensure individual co-trustees are appropriately compensated.

- The current bill requires both current as well as contingent beneficiaries to be notified of trust business, including fee changes. We support the change to allow only vested beneficiaries to be notified.
- Current language requires the Trustee to pay fees as the income is received, which would be difficult to implement. The revised language conforms to a method of payment for the trustees' annual fees of "no more than once per quarter."
- The proposed amendments eliminate a formula that would require adjusting ranges that would be difficult to implement in practice.
- There was ambiguity in how individual co-trustees' compensation was to be shared. The proposed change moves the co-trustee language to clarify this ambiguity.
- Additionally, we have worked with individual trustees to draft consensus language allowing individual trustees to also use a published fee schedule.

Under Section 1. Paragraph (b) we propose amending the language to read: "Banks and trust companies, and individuals who are in the business of regularly serving as a professional trustee and have a current general excise tax license so indicating, serving as trustees shall be entitled to reasonable compensation,..."

As a result, Paragraph (c) should be amended to read: "Except as provided in subsection (a) and (b), individuals serving as trustees shall be entitled to the following compensation."

Thank you for the opportunity to offer this testimony in support of HB26 HD1.

Respectfully submitted,
Stafford Kiguchi (694-8580)

*Family Office Services for Trusts,
Individuals and Business Clients*



WEALTH MANAGEMENT LLC.

Ray G. Dix - Owner

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Honolulu, HI 96825*

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SENATE COMMITTEE ON JUDICIARY AND LABOR

Relating to Compensation of Trustees

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**To: The Honorable Gilbert S. C. Keith-Agaran, Chair
The Honorable Maile S. L. Shimabukuro, Vice Chair
Members of Judiciary Committee**

**My name is Ray G. Dix. I am the Owner of Wealth Management, LLC.
and am testifying to amend H.B. 26, as submitted.**

**Wealth Management LLC serves Trusts, Individuals and Business
Clients. It was formed in Hawaii on August 31, 2000. Also, I serve in
the capacity as an individual trustee and court appointed conservator.**

**I have worked in the trust field since 1970. Prior to forming Wealth
Management, LLC I worked for the following trust companies and
Banks as: trust officer at Security National Bank, Peoples National Bank,
Vice President and Senior Trust Office at Bishop Trust Company,**

**American Trust Company, American Financial Services and Bank of
Hawaii.**

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I am in full support of language suggested by attorneys in town who are recommending additional changes to the language of Section 607-18 (b) as follows: (b) Banks and trust companies, and individuals who are in the business of regularly serving as a professional trustee and have a current general excise tax license so indicating, serving as trustees shall be entitled ...

Respectfully submitted,

Ray G. Dix, (808-375-6002)

The Mark A. Robinson Trusts

1100 ALAKEA STREET SUITE 600 HONOLULU, HAWAII 96813 PHONE (808) 440-2733 FAX (808) 440-2710

Wm Rhett Taber

Trustee

SENATE COMMITTEE ON JUDICIARY AND LABOR

Relating to Compensation of Trustees

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Bill Paty, Allan Zawtocky and Wm Rhett Taber are Trustees of the Mark A. Robinson Trusts and are testifying in support of H.B.26 HD1 with the additional amendments below.

Wm Rhett Taber has been one of three trustees of the Mark A Robinson Trusts since 1987 and has been managing trusts for corporate trustees and as an individual trustee since 1972. Bill Paty served as trustee since 1992. Allan Zawtocky has served as Trustee of the Mark A Robinson Trusts since 2001 and has served as a corporate trustee since 1980. We have over 100 years of combined trust experience.

Section 607-18 (b) relating to compensation of trustees does not acknowledge that the responsibilities and liabilities are the same for both corporate and individual trustees. We support the language suggested by attorneys in town and Bank of Hawaii in recommending additional changes to the language of Section 607-18 (b) and (c) as follows:

(b) Banks and trust companies, and individuals who are in the business of regularly serving as a professional trustee and have a current general excise tax license so indicating, serving as trustee shall be entitled ...

(c) Except as provided in subsection (a) and (b), individuals serving as

We appreciate the opportunity to testify and ask for your support of these changes to H.B.26 HD1.

Respectfully submitted,

Wm Rhett Taber (808 440-2733)

Wm W Paty (808 440-2734)

Allan Zawtocky (808 440-2738)