

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

HOUSE COMMITTEE ON FINANCE
Relating to Compensation of Trustees
Friday, February 27, 2015, 1:30 P.M.
State Capitol, Conference Room 308

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair
Members of Judiciary Committee

Bill Paty, Allan Zawtocky and Wm Rhett Taber are Trustees of the Mark A Robinson Trusts and are testifying to amend H.B. 26, as submitted 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.

The proposed bill relating to compensation of trustees in Section 607-18 (b) doesn't acknowledge that the responsibilities and liabilities are the same for both corporate and individual trustees. The change we would like to submit is the insertion in Section 607-18 (b), Page 1 line 11

(b) Banks and trust companies and **individuals** serving as trustee.

We appreciate the opportunity to testify and ask for your support of this change to H.B. 26.

Respectfully submitted,
Wm Rhett Taber (808 440-2736)
Wm W Paty (808 440-2734)
Allan Zawtocky (808 440-2738)



TESTIMONY TO THE COMMITTEE ON FINANCE

**Friday, February 27, 2015, 1:30 p.m.
State Capitol, Conference Room 308**

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair
Members of the Committee

Testimony in Support of HB26 Relating to the Compensation of Trustees

My name is Catherine Fujisaki and I am a Vice President with the Investment Services Group at Bank of Hawaii testifying in support of HB26.

HB 26 amends 607-18 (Compensation of Trustees) and corrects several important clerical errors that were included in 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 all beneficiaries to be notified of changes in a bank's fee schedule. We support the changes to limit the notice to beneficiaries who are vested at the time of the notice. This eliminates the need to attempt to notify all non-vested contingent beneficiaries.
- There was ambiguity in how individual co-trustees' compensation was to be shared. The proposed changes clarify this ambiguity.
- Existing language required the Trustee to pay fees as income was received which would be difficult to implement. The revised language requires income fees to be paid like principal fees "no more than once per quarter."
- The proposed amendments eliminate a formula that was intended to increase the ranges for inflation. In practice, this would adjust the ranges every six months and be difficult to implement.

Additionally, we are aware that some individual trustees are seeking amendments to include language that will define their published fee schedules as reasonable. While we believe that such amendments go beyond the original intent of the bill and could result in certain unintended consequences, we would be willing to work with the individuals in an effort to craft mutually agreeable language.

We appreciate the opportunity to testify and ask for your support of HB 26.

Respectfully submitted,
Catherine Fujisaki (694-8372)

**TESTIMONY ON HB 26
RELATING TO THE COMPENSATION OF TRUSTEES**

LATE

Friday, February 27, 2015 1:30 p.m.
State Capitol, Conference Room 308

COMMITTEE ON JUDICIARY

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair
Members of the Committee on Finance

IN SUPPORT OF HB 26.

My name is Rhonda L. Griswold, Esq. and I am an estate planning attorney with Cades Schutte LLLP and Chair of its Trusts and Estates Department. I am also a member of the Judiciary's Committee on the Uniform Probate Code and Probate Court Practices, but this testimony is submitted by me, personally, not on behalf of the Committee itself.

I very much appreciate that the Legislature amended Haw. Rev. Stat. § 607-18 last year and believe that the law was vastly improved. However, there appears to have been a clerical error that caused the language regarding how individual co-trustees share compensation to be misplaced so that the provision only pertains to inception fees. This provision was intended to apply to all trustee's fees – fees at inception, annual fees, and termination fees. HB 26 corrects this error.

There are other proposed amendments that clarify certain provisions and will make the law easier to implement, such as 1) limiting notice of fee changes to current beneficiaries, 2) limiting payment of the income fees to once per quarter, and 3) eliminating the inflation adjustment, which professional trustees have determined will be too difficult to implement.

I understand that Ray Dix has submitted testimony to amend HB 26 to exempt individuals with published fee schedules from the statutory compensation schedule. While there are reputable individuals who provide necessary independent fiduciary services (and I definitely include Mr. Dix in that category), I am concerned that allowing any individual to publish a fee schedule and charge more than the statute undermines the purpose of the statute and could lead to consumer abuse. The statute already allows settlors and beneficiaries of trusts to agree to compensation terms that differ from the statute, which would allow professional fiduciaries to charge their standard rates. The Probate Court can also approve such fee schedules when it appoints such individuals as trustee (which it often does). That said, if the Committee is inclined to allow individuals serving as trustees to have their own fee schedules that are deemed reasonable under the statute, then I strongly urge that the scope be limited to individuals who are in the business of regularly serving as a professional trustee.

Thank you for your consideration. I respectfully ask for your support of HB 26.

Respectfully submitted,



Rhonda L. Griswold, Esq.

Paul R. Cassidy Jr.
Trustee, Mary N. Lucas Estate

1029 Iiwi Street.
Honolulu, Hawaii
U.S.A. 96816

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February 26, 2015

HOUSE COMMITTEE ON FINANCE
Relating to Compensation of Trustees
Friday, February 27, 2015, 1:30 P.M.
State Capitol, Conference Room 308

LATE

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair
Members of Judiciary Committee
Paul Cassidy Jr., Trustee of the Mary Lucas Trusts is testifying to amend H.B. 26, as submitted below.

The proposed bill relating to compensation of trustees in Section 607-18 (b) doesn't acknowledge that the responsibilities and liabilities are the same for both corporate and individual trustees.

The change I would like to submit is the insertion in Section 607-18 (b), Page 1 line 11

(b) Banks and trust companies and **individuals** serving as trustee.

I appreciate the opportunity to testify and ask for your support of this change to H.B. 26.

Respectfully submitted,

Yours Sincerely,



Paul R Cassidy Jr.
TRUSTEE, MARY N. LUCAS ESTATE

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

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)

Family Office Services for Trusts,
Individuals and Business Clients



WEALTH MANAGEMENT LLC.

Ray G. Dix - Owner

LATE

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HOUSE COMMITTEE ON FINANCE
Relating to Compensation of Trustees
Friday, February 27, 2015, 1:30 P.M.
State Capitol, Conference Room 308

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, 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,