

**Rule 417. Trustees-Accounting-Petition For Appointment****Rule 417.01 Petition for Confirmation of Trustee**

Except in those cases in which a trust company or national banking association having trust powers is the trustee or one of the trustees, the petition for confirmation of the appointment of the trustee or trustees shall include an inventory, including a description of the assets of the trust known to the petitioners and an estimate by them of the market value of such assets at the date of the petition. The petition shall also set forth the relationship, if any, of the trustee or trustees to the beneficiaries of the trust.

**Rule 417.02 Annual Account**

Every trustee subject to the continuing supervision of the district court shall file an annual account, duly verified, of the trusteeship with the court administrator within 60 days after the end of each accounting year. Such accounts may be submitted on form 417.02 appended to these rules, and shall contain the following:

(a) Statements of the total inventory or carrying value and of the total fair market value of the assets of the trust principal as of the beginning of the accounting period. In cases where a previous account has been rendered, the totals used in these statements shall be the same as those used for the end of the last preceding accounting period.

(b) A complete itemized inventory of the assets of the trust principal as of the end of the accounting period, showing both the inventory or carrying value of each asset and also the fair market value thereof as of such end of the accounting period, unless, because such value is not readily ascertainable or for other sufficient reason, this provision cannot reasonably be complied with. Where the fair market value of any item at the end of the accounting period is not used, a notation of such fact and the reason therefor shall be indicated on the account.

(c) An itemized statement of all income transactions during the period of such account.

(d) A summary statement of all income transactions during the period of such account, including the totals of distributions of income to beneficiaries and the totals of trustees' fees and attorneys' fees charged to income.

(e) An itemized statement of all principal transactions during the period of such account.

(f) A reconciliation of all principal transactions during the period of such account, including the totals of distributions of principal to beneficiaries and the totals of trustees' fees and attorneys' fees charged to principal as well as the totals of liquidations and reinvestments of principal cash.

(Amended effective January 1, 1996; amended effective May 23, 2016.)

**Rule 417.03 Taxes**

Final accounts shall also disclose the state of the property of the trust estate as to unpaid or delinquent taxes and such taxes shall be paid by the trustee to the extent that the funds in the trust permit, over and beyond the cost and expenses of the trust administration, except where a special showing is made by the trustee that it is in the best interests of the trust and is lawful for the unpaid or delinquent taxes not to be paid.

**Rule 417.04 Service on Beneficiaries**

There shall also be filed with the court administrator proof of mailing of such account to the last addresses known to the trustee of, or of the service of such account upon, such of the following

beneficiaries or their natural or legal guardians as are known to, or reasonably ascertainable by, the trustee:

(a) Beneficiaries entitled to receive income or principal at the date of the accounting; and

(b) Beneficiaries who, were the trust terminated at the date of the accounting, would be entitled to share in distributions of income or principal.

Service shall be sent by electronic means in accordance with Rule 14 to any party that has agreed to or is required to accept electronic service under Rule 14.

(Amended effective July 1, 2015.)

#### **Rule 417.05 Court Administrator Records; Notice**

The court administrator shall keep a list of trusteeships and notify each trustee and the court when any such annual account has not been filed within 120 days from the end of the accounting year.

#### **Rule 417.06 Hearing**

Hearings upon annual accounts may be ordered upon the request of any interested party. A hearing shall be held on such annual accounts at least once every five years and notice shall be provided in accordance with Minnesota Statutes, section 501B.18, or its successor. In trusts of the value of \$50,000 or less, the five year hearing requirement may be waived by the court in its discretion. Any hearing on an account may be ex parte if each party in interest then in being shall execute waiver of notice in writing which shall be filed with the court administrator. Such five year hearings shall be held within 150 days after the end of the accounting period of each fifth annual unallowed account, and the court administrator shall notify each trustee and the Court if the hearing is not held within such 150 day period.

(Amended effective January 1, 1993; amended effective July 1, 2015.)

#### ***Advisory Committee Comment - 1995 Amendment***

*Rule 417.02, as amended, refers to trustees subject to the continuing supervision of the district courts. The rule is intended to apply to all trusts subject to the continuing supervision of the district courts pursuant to Minnesota Statutes 1994, section 501B.23, and the earlier reference to jurisdiction is deleted to avoid confusion, since all Minnesota trusts are subject to the district court's jurisdiction.*

#### ***Advisory Committee Comment - 2015 Amendments***

*This rule was derived from Rule 28 of the Code of Rules for the District Courts. The rule is recodified with the probate court rules because it relates to actions brought in the now-unified district court.*

*Rule 417.06 is amended to incorporate the specific statutory notice required by Minnesota Statutes, section 501B.18, or its successor.*

#### ***Advisory Committee Comment - 2016 Amendments***

*The amendment to Rule 417.02 and its related modification of Form 417.02 serve a single purpose - to remove the requirement that annual accounts include a list of assets that realized a net income of less than one percent of value. This requirement has not proven valuable to courts in reviewing annual accounts and it is difficult to make the calculations required by the rule so it is appropriate to abrogate the requirement for providing this information. The amendment does*

*not prevent the court from inquiring about the investment choices and yields of the trust; it just removes the requirement for inclusion of the information in every annual account.*