



MSBA Main Office
520 West Fayette Street
Baltimore, MD 21201
410-685-7878 | msba.org

Annapolis Office
200 Duke of Gloucester Street
Annapolis, MD 21401
410-269-6464 | msba.org

To: Maryland Senate – Judicial Proceedings Committee

From: MSBA Estate & Trust Law Section

Date: January 19, 2024

Subject: **SB 75** – Maryland Uniform Transfers to Minors Act – Transfers as Custodian for the Benefit of a Minor – Authorization of Court

Position: Support

The Estate and Trust Law Section of the Maryland State Bar Association (MSBA) **supports Senate Bill 75 – Maryland Uniform Transfers to Minors Act – Transfers as Custodian for the Benefit of a Minor – Authorization of Court.**

Description of Current Law

The Maryland Uniform Transfers to Minors Act (“UTMA”) currently permits a personal representative of an estate or a trustee of a trust to make a distribution to a custodian for the benefit of a minor beneficiary, if the will or trust agreement authorizes the transfer. If the governing document contains no authorizing provision, or if the estate is intestate, the personal representative or trustee must obtain court approval to transfer more than \$10,000 to an UTMA custodian.

Problem Addressed by this Legislation:

The legislature set the threshold amount for determining whether a transfer to an UTMA custodian requires court approval at \$10,000 in 1989 when Maryland adopted the UTMA. While the amount has remained unchanged for over 30 years, legal fees and court costs have increased significantly. For distributions that barely exceed \$10,000, it is often uneconomical for petitioners to pay for legal representation, and they must figure out how to petition the court themselves. Several neighboring states have increased the threshold amount that can be transferred to an UTMA custodian without court approval. Virginia (in 2014) and Pennsylvania (in 1999) increased their thresholds to \$25,000, and Delaware (in 1997) increased its threshold to \$50,000. New York adopted its own version of UTMA in 1996 with \$50,000 as the threshold. An inflation adjustment to Maryland’s \$10,000 threshold results in a threshold of approximately \$25,000.



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How this Legislation Solves the Problem:

Senate Bill 75 proposes to increase the amount that personal representatives of estates and trustees of trusts can transfer to an UTMA custodian for a minor’s benefit, without petitioning for court approval, from \$10,000 to \$25,000, which is consistent with inflation since 1989 and our neighboring states. The proposed increase would save time, legal fees, and court costs for the recipients of the distributions and would help to preserve more of the estate assets for the minor’s use.

For the reasons stated above, the Estate and Trust Law Section of the MSBA **supports SB 75 and urges a favorable committee report.**

For further information, please contact:

Christia A. Pritts (410) 828-7775 cptritts@simscampbell.law	Roland M. Schrebler (301) 718-4820 rms@schreblerlaw.com	Laura Thomas (240) 813-4885 Laura@LegacyLegalPlanningLLC.com
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