

**SB 361 -1 STAFF MEASURE SUMMARY**

**Senate Committee On Judiciary**

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**Meeting Dates:** 2/4, 3/26

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**WHAT THE MEASURE DOES:**

Allows trustee to consider additional factors affecting investments, such as environmental, social, and governance factors while acting as a prudent investor.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-1 Specifically allows terms of trust to expand, restrict, eliminate, or vary any law of general application, including whether to engage in sustainable or socially responsible strategies. Includes within factors for consideration under the prudent investor standard factors such as the intent, desire, and personal values of the settlor and the needs of the beneficiaries, including the personal values and desires of the beneficiary that the trustee engage in sustainable or socially responsible investing strategies that align with the beneficiaries' values, as well as financial needs.

**BACKGROUND:**

A trustee who invests and manages money on behalf of beneficiaries must adhere to the prudent investor rules. A prudent investor must exercise reasonable care, skill, and caution in considering investments and financial management. Additionally, trustees must consider all relevant circumstances, such as general economic conditions, possible effects of inflation or deflation, tax consequences, the portfolio as a whole, income and appreciation of capital, the need for liquidity and regularity of income, other resources of the beneficiaries, and any special value of an asset.

Senate Bill 361 allows a trustee to consider additional factors within the role of a prudent investor. These factors include environmental, social, and governance factors.