

D R A F T

SUMMARY

Modifies prudent investor rule to allow trustee to consider environmental, social and governance factors of investments when making investment decisions.

A BILL FOR AN ACT

Relating to the prudent investor rule; amending ORS 130.755.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 130.755 is amended to read:

130.755. (1) A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution.

(2) A trustee's investment and management decisions respecting individual assets are not evaluated in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust.

(3) A trustee shall consider all relevant circumstances in investing and managing trust assets, including any of the following that are relevant to the trust or the beneficiaries of the trust:

(a) General economic conditions;

(b) The possible effect of inflation or deflation;

(c) The expected tax consequences of investment decisions or strategies;

(d) The role that each investment or course of action plays within an overall trust portfolio, which may include financial assets, interests in

1 closely held enterprises, tangible and intangible personal property, and real
2 property;

3 (e) The expected total return from income and the appreciation of capital;

4 (f) Other resources of the beneficiaries;

5 (g) Needs for liquidity, regularity of income and preservation or appreci-
6 ation of capital; and

7 (h) An asset's special relationship or special value, if any, to the purposes
8 of the trust or to one or more of the beneficiaries.

9 (4) A trustee shall make a reasonable effort to verify facts relevant to the
10 investment and management of trust assets.

11 (5) A trustee may invest in any kind of property or type of investment
12 consistent with the standards of ORS 130.750 to 130.775.

13 **(6) A trustee may consider any material financial and extra finan-**
14 **cial factors that affect the investments of the trust, including envi-**
15 **ronmental, social and governance factors.**

16 [(6)] (7) A trustee who has special skills or expertise, or is named trustee
17 in reliance upon the trustee's representation that the trustee has special
18 skills or expertise, has a duty to use those special skills or expertise in in-
19 vesting and managing trust assets.

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