

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/SB 1238 — Family Trust Companies

by Banking and Insurance Committee; and Senator Richter

The bill creates “Family Trust Companies” in Florida. Trust companies are for-profit business organizations that are authorized to engage in a trust business and to act as a fiduciary for the general public. Some states allow families to form and operate private or family trust companies that provide trust services similar to those that can be provided by an individual trustee or a financial institution. However, family trust companies are owned exclusively by family members and may not provide fiduciary services to the public. These private, family trust companies are generally formed to manage the wealth of high net-worth families in lieu of traditional individual or institutional trustee arrangements for a variety of personal, investment, regulatory, and tax reasons. Currently, there are no Florida statutes authorizing the formation of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

The bill authorizes families to form and operate any of these three family trust companies in Florida, subject to varying regulatory requirements, including a license or registration with the Office of Financial Regulation (OFR), maintenance of minimum capital accounts with a principal place of business in Florida, and certain reporting requirements. The bill specifies the powers of family trust companies such as serving as a trustee of trusts held for the benefit of family members and providing fiduciary, investment advisory, and wealth management services to a family. A family trust company cannot perform these services for the general public.

The bill authorizes the OFR to investigate applications for licensure or registration, requires annual renewals and other regulatory filings from licensees and registrants, and authorizes the OFR to conduct periodic examinations of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

If approved by the Governor, these provisions take effect October 1, 2015, if CS/CS/SB 1320 becomes law.

Vote: Senate 38-0; House 112-1