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The \$3.3 Billion Lesson: How a South Dakota Trust Could Have Saved the Murdoch Family Fortune

In September 2025, Rupert Murdoch paid roughly \$3.3 billion to buy his way out of a trust he built himself. To hand sole control of Fox Corp and News Corp to his son Lachlan, Murdoch had to pay \$1.1 billion each to James, Elisabeth, and Prudence — the price of unwinding a family governance structure that had quietly become unworkable. A Nevada probate commissioner had already rejected his attempt to simply amend the trust in 2024, ruling the proposed change amounted to “bad faith.”

None of this was inevitable. It was the predictable outcome of a single design choice made in 1999, and it is exactly the kind of choice a well-drafted South Dakota trust is built to avoid.

What Went Wrong: A 1999 Trust Built for a World That No Longer Exists

When Murdoch created his family trust in 1999, he split voting control of the family media empire equally among his four eldest children — Lachlan, James, Elisabeth, and Prudence. At the time, this looked like fairness. In practice, it built a permanent four-way tie into the heart of the empire’s future, with no mechanism for resolving what would happen when those four heirs disagreed.

They disagreed. As ideological and strategic rifts widened, especially between Lachlan and his siblings, the equal-vote structure stopped being a governance model and became a governance trap. There was no independent party empowered to break the deadlock, no statutory pathway to modernize the trust’s terms, and no way to adjust course without either unanimous consent (which didn’t exist) or a courtroom.

Murdoch tried the courtroom route first, seeking to amend the trust to consolidate control with Lachlan. The Nevada probate commissioner said no. The only way left to get from a deadlocked four-way trust to the outcome Murdoch wanted was to buy out three of his own children, at a cost that will likely stand as one of the most expensive estate planning corrections in history.

The Fix Was Available All Along

Estate planners reviewing the Murdoch situation generally point to the same conclusion: irrevocable trusts should be drafted to anticipate that circumstances will change, because the alternative is litigation, family fracture, and — as Murdoch just learned — a bill that can run into the billions. The tools to build that flexibility in from day one already exist, and several of them are exactly where South Dakota trust law has led the country for years.

Trust protector provisions. Under SDCL § 55-1B-6, South Dakota law lets a governing instrument give an independent trust protector sweeping statutory authority — among the enumerated powers, the right to modify or amend the trust, to increase or decrease a beneficiary’s interest, to remove and appoint trustees or advisors, and even to terminate the trust — all without a courtroom. Had the Murdoch trust named a protector empowered under a provision like this to address the control dispute directly, the family may never have needed a probate commissioner’s blessing, or Murdoch’s checkbook, to get there.

Decanting authority. Under SDCL § 55-2-15, a trustee with discretion to distribute income or principal may appoint some or all of a trust's assets to a newly drafted "second trust" with updated terms, after weighing the first trust's purposes and the consequences of the move — often with no need for a full judicial rewrite. A trust built with this statute in mind could have restructured the equal-vote provision as the family's needs evolved, long before a \$3.3 billion buyout became the only remaining option.

Non-judicial settlement agreements. SDCL § 55-3-24 allows an irrevocable trust to be modified or terminated by the written consent of the trustor and all beneficiaries — or by all beneficiaries alone, where continuing the trust unchanged isn't needed to fulfill a material purpose — with court approval not required and only thirty days' advance notice to fiduciaries. A deadlocked four-way vote is precisely the kind of standoff this statute is built to resolve before it ever reaches a judge.

Special powers of appointment. SDCL § 55-1B-6 also empowers a trust protector to modify existing powers of appointment and to add beneficiaries from within a class the settlor has already identified — giving a family a statutory way to adjust, within defined limits, how interests are ultimately allocated among descendants without reopening the entire trust document.

Sub-trusts per beneficiary. SDCL § 55-3-29 lets a trustee divide a single trust into two or more separate trusts — without court approval — so long as the division doesn't impair any beneficiary's rights or undercut the trust's purposes. Instead of one shared trust with four equal votes locked in perpetuity, dividing the structure into separate sub-trusts removes the shared-control friction entirely; each heir controls their own share, and no single disagreement can hold the whole enterprise hostage.

Periodic review provisions. South Dakota has no statute mandating a scheduled review, but building one into the trust instrument is what turns the tools above from theoretical to actionable. A family that revisits its trust every few years — checking whether SDCL § 55-1B-6's protector powers or SDCL § 55-2-15's decanting authority still match the family's needs — catches a governance problem while it's still cheap to fix, rather than discovering it decades later the way the Murdochs did.

Why South Dakota Specifically

South Dakota didn't just happen to have a decanting statute on the books — it has spent decades building the most flexible trust law in the country, precisely for families whose circumstances will inevitably outgrow what was drafted years or decades earlier.

South Dakota's decanting statute is consistently rated among the most favorable in the nation, giving trustees real latitude to modernize outdated trusts. Its directed trust statute lets families unbundle investment management, distribution decisions, and administrative trusteeship among different parties — so a family isn't stuck with one trustee holding every kind of authority, and disputes over one function (say, distributions) don't have to compromise the others (say, investments). South Dakota was also the first state to eliminate the rule against perpetuities, enabling dynasty trusts that can evolve across generations rather than expiring into a forced reckoning. And its privacy statutes — among the most comprehensive in the country — keep family trust disputes out of the public record in a way Nevada's probate court plainly could not for the Murdochs.

Murdoch Trust vs. a Flexible South Dakota Structure

Feature	Murdoch's 1999 Trust	South Dakota Flexible Trust
Modifying outdated terms	Required court approval; request denied	Decanting under SDCL § 55-2-15, often without court involvement
Resolving beneficiary deadlock	No mechanism; ended in \$3.3B buyout	Trust protector (SDCL § 55-1B-6) or non-judicial settlement agreement (SDCL § 55-3-24)
Control among heirs	Equal votes fixed at drafting	Sub-trusts (SDCL § 55-3-29) or special powers of appointment (SDCL § 55-1B-6) allow tailored allocation
Administration structure	Single, undivided trusteeship	Directed trust model separates investment, distribution, and administration
Public exposure	Nevada probate proceedings became public	South Dakota's privacy statutes shield trust details
Adaptability over time	Fixed 1999 terms, no review built in	Periodic review provisions anticipate change

The Takeaway

The Murdoch trust wasn't undone by bad luck or a family that was unusually prone to conflict — most multi-generational families eventually face some version of the same tension between heirs. It was undone by a document that assumed 1999's family dynamics would hold forever, with no statutory or structural release valve when they didn't.

For families building or reviewing a trust today, the lesson isn't "avoid conflict." It's "build a structure that can absorb conflict without ending up in probate court, or costing \$3.3 billion to fix." That means naming a trust protector, drafting with decanting in mind, considering sub-trusts where control is likely to be contested, and choosing a trust situs — like South Dakota — whose laws are built for exactly this kind of long-term flexibility.

If you're an advisor or family office reviewing an existing trust for these gaps, or drafting a new one and want to build in the flexibility the Murdoch trust lacked, Sterling Trustees can help you evaluate the options. [Contact Antony Joffe](#), or [schedule a call](#) to discuss trust protector provisions, decanting, and South Dakota situs planning for your clients' families.

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