

3790

2013-2014 Regular Sessions

I N   S E N A T E

February 15, 2013

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Introduced by Sen. BONACIC -- (at request of the Office of Court Administration) -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the estates, powers and trusts law, in relation to the exercise of a power of appointment and an authorized trustee's authority to invade a trust

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. The opening paragraph of paragraph (b) of section 10-6.6 of  
2     the estates, powers and trusts law, as added by chapter 451 of the laws  
3     of 2011, is amended to read as follows:  
4     An authorized trustee with unlimited discretion to invade trust prin-  
5     cipal may appoint part or all of such principal to a trustee of an  
6     appointed trust for, and only for the benefit of, one, more than one or  
7     all of the current beneficiaries of the invaded trust (to the exclusion  
8     of any one or more of such current beneficiaries). The successor and  
9     remainder beneficiaries of such appointed trust [shall] MAY be one, more  
10    than one or all of the successor and remainder beneficiaries of such  
11    invaded trust (to the exclusion of any one [or], more THAN ONE OR ALL of  
12    such successor and remainder beneficiaries).  
13    S 2. Paragraph (d) of section 10-6.6 of the estates, powers and trusts  
14    law, as added by chapter 451 of the laws of 2011, is amended to read as  
15    follows:  
16    (d) An exercise of the power to invade trust principal under para-  
17    graphs (b) and (c) of this section shall be considered the exercise of a  
18    special power of appointment as defined in section 10-3.2 of this arti-  
19    cle PROVIDED, HOWEVER, THAT SUCH EXERCISE SHALL BE GOVERNED BY THE  
20    PROVISIONS OF SECTION 10-10.7 OF THIS ARTICLE.  
21    S 3. Subparagraphs 1 and 4 of paragraph (s) of section 10-6.6 of the  
22    estates, powers and trusts law, as added by chapter 451 of the laws of  
23    2011, are amended to read as follows:

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 (1) The term "appointed trust" means an irrevocable trust which  
2 receives principal from an invaded trust under paragraph (b) or (c) of  
3 this section including a new trust created by the creator of the invaded  
4 trust or by the trustees, in that capacity, of the invaded trust. For  
5 purposes of creating the new trust, the requirement of section 7-1.17 of  
6 this chapter that the instrument be [signed by the creator] EXECUTED AND  
7 ACKNOWLEDGED BY THE PERSON ESTABLISHING SUCH TRUST shall be deemed  
8 satisfied by the [signature] EXECUTION AND ACKNOWLEDGMENT of the trustee  
9 of the appointed trust.

10 (4) The term "current beneficiary or beneficiaries" means the person  
11 or persons (or as to a class, any person or persons who are or will  
12 become members of such class) to whom the trustees may distribute prin-  
13 cipal at the time of the exercise of the power, PROVIDED HOWEVER THAT  
14 THE INTEREST OF A BENEFICIARY TO WHOM INCOME, BUT NOT PRINCIPAL, MAY BE  
15 DISTRIBUTED IN THE DISCRETION OF THE TRUSTEE OF THE INVADDED TRUST MAY BE  
16 CONTINUED IN THE APPOINTED TRUST.

17 S 4. This act shall take effect immediately.