

§506. Overdue distribution

1. Definitions. As used in this section, unless the context otherwise indicates, "mandatory distribution" means a distribution of income or principal that a trustee is required to make to a beneficiary under the terms of a trust, including a distribution upon termination of the trust. "Mandatory distribution" does not include a distribution subject to the exercise of the trustee's discretion even if:

A. The discretion is expressed in the form of a standard of distribution; or [PL 2011, c. 42, §6 (NEW).]

B. The terms of the trust authorizing a distribution couple language of discretion with language of direction. [PL 2011, c. 42, §6 (NEW).]

[PL 2011, c. 42, §6 (NEW).]

2. Unreasonable delay in distribution. Whether or not a trust contains a spendthrift provision, a creditor or assignee of a beneficiary may reach a mandatory distribution of income or principal, including a distribution upon termination of the trust, if the trustee has not made the distribution to the beneficiary within a reasonable time after the designated distribution date.

[PL 2011, c. 42, §6 (NEW).]

SECTION HISTORY

PL 2003, c. 618, §A1 (NEW). PL 2003, c. 618, §A2 (AFF). PL 2011, c. 42, §6 (RPR).

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