



General Assembly

January Session, 2001

**Amendment**

LCO No. 6042

Offered by:

REP. LAWLOR, 99<sup>th</sup> Dist.

To: Subst. Senate Bill No. 1052

File No. 192

Cal. No. 420

**"AN ACT CONCERNING THE PRINCIPAL AND INCOME ACT."**

- 
- 1 In line 1, before "(NEW)" insert "Section 1."
- 2 After line 49, insert the following:
- 3 "Sec. 2. Subsection (c) of section 45a-542c of the general statutes is  
4 repealed and the following is substituted in lieu thereof:
- 5 (c) A trustee may not make an adjustment:
- 6 (1) That diminishes the income interest in a trust that requires all of  
7 the income to be paid at least annually to a spouse and for which an  
8 estate tax or gift tax marital deduction would be allowed, in whole or  
9 in part, if the trustee did not have the power to make the adjustment;
- 10 (2) That reduces the actuarial value of the income interest in a trust  
11 to which a person transfers property with the intent to qualify for a gift  
12 tax exclusion;
- 13 (3) That changes the amount payable to a beneficiary as a fixed

14 annuity or a fixed fraction of the value of the trust assets;

15 (4) From any amount that is permanently set aside for charitable  
16 purposes under a will or the terms of a trust unless both income and  
17 principal are so set aside;

18 (5) If possessing or exercising the power to make an adjustment  
19 causes an individual to be treated as the owner of all or part of the  
20 trust for income tax purposes and the individual would not be treated  
21 as the owner if the trustee did not possess the power to make an  
22 adjustment;

23 (6) If possessing or exercising the power to make an adjustment  
24 causes all or part of the trust assets to be included for estate tax  
25 purposes in the estate of an individual who has the power to remove a  
26 trustee or appoint a trustee, or both, and the assets would not be  
27 included in the estate of the individual if the trustee did not possess  
28 the power to make an adjustment;

29 (7) If the trustee is a beneficiary of the trust;

30 (8) If the trustee is not a beneficiary, but the adjustment would  
31 benefit the trustee directly or indirectly;

32 (9) Between the income and principal of a legal life estate; or

33 (10) If the exercise of the power to adjust by allocating principal to  
34 income conferred by subsection (a) of this section would not  
35 significantly increase the funds actually available to the income  
36 beneficiary, taking into account funds available from sources other  
37 than the trust."