

**386.450 Definitions for Kentucky Principal and Income Act, KRS 386.450 to 386.504.**

As used in KRS 386.450 to 386.504:

- (1) "Accounting period" means a calendar year unless another twelve (12) month period is selected by a fiduciary. The term includes a portion of a calendar year or other twelve (12) month period that begins when an income interest begins or ends when an income interest ends;
- (2) "Beneficiary" includes, in the case of a decedent's estate, an heir, legatee, and devisee and, in the case of a trust, an income beneficiary and a remainder beneficiary;
- (3) "District Court approval" means the consent of the District Court having jurisdiction over the fiduciary, with notice of the request for approval being given to all current beneficiaries and all reasonably ascertainable remainder beneficiaries in the oldest generation;
- (4) "Fiduciary" means a personal representative or a trustee. The term includes an executor, administrator, successor personal representative, and public administrator;
- (5) "Income" means money or property that a fiduciary receives as current return from a principal asset. The term includes a portion of receipts from a sale, exchange, or liquidation of a principal asset, to the extent provided in Articles 4 and 5 of the Kentucky Principal and Income Act;
- (6) "Income beneficiary" means a person to whom net income of a trust is or may be payable;
- (7) "Income interest" means the right of an income beneficiary to receive all or part of net income, whether the terms of the trust require it to be distributed or authorize it to be distributed in the trustee's discretion;
- (8) "Mandatory income interest" means the right of an income beneficiary to receive net income that the terms of the trust require the fiduciary to distribute;
- (9) "Net income" means the total receipts allocated to income during an accounting period minus the disbursements made from income during the period, plus or minus transfers under KRS 386.450 to 386.504 to or from income during the period;
- (10) "Notice" means written notice of the time and place for a hearing on the request for District Court approval that is placed postage prepaid in the United States mail at least thirty (30) days prior to the hearing and addressed to the last known address of the party to receive notice, and may be proved by an affidavit of the fiduciary or fiduciary's counsel filed at the hearing stating the name and address to which notice was mailed postage prepaid and the date of the mailing;
- (11) "Principal" means property held in trust for distribution to a remainder beneficiary when the trust terminates;
- (12) "Remainder beneficiary" means a person entitled to receive principal when an income interest ends;
- (13) "Terms of a trust" means the manifestation of the intent of a settlor or decedent with respect to the trust, expressed in a manner that admits of its proof in a judicial

proceeding, whether by written or spoken words or by conduct;

- (14) "Trustee" includes an original, additional, or successor trustee, whether or not appointed or confirmed by a court; and
- (15) "Unitrust" means both a trust converted into a unitrust KRS 386.454 and a trust initially established as a unitrust. Unless inconsistent with the terms of the trust or will, KRS 386.454(2)(f), (g), (h), (i), and (m) apply to the unitrust initially so established.

**Effective:** July 15, 2014

**History:** Amended 2014 Ky. Acts ch. 25, sec. 104, effective July 15, 2014. -- Amended 2012 Ky. Acts ch. 59, sec. 1, effective July 12, 2012. -- Amended 2010 Ky. Acts ch. 21, sec. 5, effective July 15, 2010. -- Created 2004 Ky. Acts ch. 158, sec. 1, effective January 1, 2005.