

## CHAPTER 55

AN ACT concerning trusts and amending N.J.S.3B:11-1.

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

1. N.J.S.3B:11-1 is amended to read as follows:

Creator's reserved interest in trust alienable subject to creditors' claims.

3B:11-1. Creator's reserved interest in trust alienable subject to creditors' claims.

a. The right of any creator of a trust to receive either the income or the principal of the trust or any part of either thereof, presently or in the future, shall be freely alienable and shall be subject to the claims of his creditors, notwithstanding any provision to the contrary in the terms of the trust.

b. A trustee's discretionary authority to pay trust income or principal to the creator of such trust in an amount equal to the income taxes on any portion of the trust principal chargeable to the creator shall not be considered to be a right of the trust creator to receive trust income or principal within the meaning of subsection a. of this section. The trust creator shall not be considered to have the right to receive income or principal of the trust solely because the trustee is authorized under the trust instrument or any other provision of law to pay or reimburse the creator for any tax on trust income or trust principal that is payable by the creator under the law imposing such tax or to pay any such tax directly to the taxing authorities. No creditor of a trust creator shall be entitled to reach any trust property based on the discretionary powers described in this subsection.

2. This act shall take effect immediately and shall be applicable to any trust created on or after the effective date.

Approved May 9, 2013.