

**501C.1103 INCOME; PRINCIPAL; CHARGES.**

Subdivision 1. **Income defined.** "Income" means the return in money or property derived from the use of principal, including return received as:

- (1) rent of real or personal property, including sums received for cancellation or renewal of a lease;
- (2) interest on money lent, including sums received as consideration for the privilege of prepayment of principal, except as provided in section 501C.1107 on bond premium and bond discount;
- (3) income earned during administration of a decedent's estate as provided in section 501C.1105;
- (4) corporate distributions as provided in section 501C.1106;
- (5) accrued increment on bonds or other obligations issued at discount as provided in section 501C.1107;
- (6) receipts from business and farming operations as provided in section 501C.1108;
- (7) receipts from disposition of natural resources as provided in sections 501C.1109 and 501C.1110; and
- (8) receipts from other principal subject to depletion as provided in section 501C.1111.

Subd. 2. **Principal defined.** "Principal" means the property set aside by the owner or the person legally empowered so that it is held in trust eventually to be delivered to a remainderperson while the return or use of the principal is in the meantime taken or received by or held for accumulation for an income beneficiary. Principal includes:

- (1) consideration received by the trustee on the sale or other transfer of principal, on repayment of a loan, or as a refund, replacement, or change in the form of principal;
- (2) proceeds of property taken on eminent domain proceedings;
- (3) proceeds of insurance on property forming part of the principal, except proceeds of insurance on a separate interest of an income beneficiary;
- (4) stock dividends, receipts on liquidation of a corporation, and other corporate distributions as provided in section 501C.1106;
- (5) receipts from the disposition of corporate securities as provided in section 501C.1107;
- (6) royalties and other receipts from disposition of natural resources as provided in sections 501C.1109 and 501C.1110;
- (7) receipts from other principal subject to depletion as provided in section 501C.1111;
- (8) profit resulting from a change in the form of principal;
- (9) allowances for depreciation established under sections 501C.1108 and 501C.1113, subdivision 1, clause (2); and
- (10) gain or loss, including the purchase premium, if any, from the grant of an option to buy or sell property of the trust, whether or not the trust owns the property when the option is granted.

Subd. 3. **Charges.** After determining income and principal in accordance with the terms of the trust instrument or of sections 501C.1101 to 501C.1118, the trustee shall charge to income or principal expenses and other charges as provided in section 501C.1113.

**History:** *2015 c 5 art 11 s 3*