501C.0402 REQUIREMENTS FOR CREATION.

(a) A trust is created only if:

(1) the settlor has capacity to transfer property free from trust, except that if a trust is a revocable trust, the settlor has capacity as required under section 501C.0601;

(2) the settlor indicates an intention to create the trust;

(3) the trust has a definite beneficiary or is:

(i) a charitable trust;

(ii) trust for the care of an animal, as provided in section 501C.0408; or

(iii) a trust for a noncharitable purpose, as provided in section 501C.0409; and

(4) the trustee has duties to perform.

(b) A beneficiary is definite if the beneficiary can be ascertained now or in the future, subject to any applicable rule against perpetuities.

(c) A power in a trustee to select a beneficiary from an indefinite class is valid. If the power is not exercised within a reasonable time, the power fails and the property subject to the power passes to the persons who would have taken the property if the power had not been conferred.

(d) No trust is invalid or terminated, and title to trust assets is not merged, because the trustee or trustees are the same person or persons as the beneficiaries of the trust.

(e) Passive trusts of real or personal property are abolished. An attempt to create a passive trust vests the entire estate granted in the beneficiary.

History: *2015 c 5 art 4 s 2; 2016 c 135 art 1 s 2*