501C.0502 SPENDTHRIFT PROVISION.

(a) A trust has a valid spendthrift provision if:

(1) the trust includes a provision that restricts both voluntary and involuntary transfers of a beneficiary's interest; or

(2) by the terms of the trust instrument, the settlor manifests an intention to impose restrictions on both voluntary and involuntary transfers of a beneficiary's interest.

(b) A term of a trust providing that the interest of a beneficiary is held subject to a "spendthrift trust," or words of similar import, is sufficient to restrict both voluntary and involuntary transfers of the beneficiary's interest.

(c) For the purposes of this section, neither a valid disclaimer nor the exercise of a limited power of appointment is a voluntary transfer.

(d) A beneficiary may not transfer an interest in a trust in violation of a valid spendthrift provision and a creditor or assignee of the beneficiary may not reach the interest or a distribution by the trustee before its receipt by the beneficiary.

History: *2015 c 5 art 5 s 1*