501C.1102 DUTY OF TRUSTEE AS TO RECEIPTS AND EXPENDITURE.

Subdivision 1. **General rules of administration.** A trust must be administered with due regard to the respective interests of income beneficiaries and remainderpersons. A trust is so administered with respect to the allocation of receipts and expenditures if a receipt is credited or an expenditure is charged to income or principal or partly to each:

(1) in accordance with the terms of the trust instrument, notwithstanding contrary provisions of sections 501C.1101 to 501C.1118;

(2) in the absence of contrary terms of the trust instrument, in accordance with sections 501C.1101 to 501C.1118;

(3) if neither of the preceding rules of administration is applicable, in accordance with what is reasonable and equitable in view of the interests of those entitled to income as well as of those entitled to principal, and in view of the manner in which persons of ordinary prudence, discretion, and judgment would act in the management of their own affairs.

Subd. 2. **Trustee's discretion.** If a trust instrument gives the trustee discretion in crediting a receipt or charging an expenditure to income or principal or partly to each, no inference of imprudence or partiality arises from the fact that the trustee has made an allocation contrary to sections 501C.1101 to 501C.1118.

Subd. 3. **Standards for exercise.** In exercising a power to adjust under section 501C.1112 or a discretionary power of administration regarding a matter within the scope of sections 501C.1101 to 501C.1118, a fiduciary shall administer the trust or estate impartially, based on what is fair and reasonable to all of the beneficiaries, except to the extent that the terms of the trust or the will clearly manifest an intention that the fiduciary shall or may favor one or more of the beneficiaries. A determination in accordance with sections 501C.1101 to 501C.1118 is presumed to be fair and reasonable to all of the beneficiaries.

History: *2015 c 5 art 11 s 2*