

1 **UNIFORM POWERS OF APPOINTMENT ACT**

2 2017 GENERAL SESSION

3 STATE OF UTAH

4

5 LONG TITLE

6 **General Description:**

7 This bill modifies provisions related to powers of appointment.

8 **Highlighted Provisions:**

9 This bill:

- 10 ▶ addresses compliance with specific reference requirements;
- 11 ▶ enacts the Uniform Powers of Appointment Act, including:
 - 12 • general provisions, definitions, governing law, and the relationship of common
 - 13 law and principles of equity;
 - 14 • providing for the creation, revocation, and amendment of the power of
 - 15 appointment;
 - 16 • addressing the exercise of a power of appointment;
 - 17 • addressing disclaimer or release and the contract to appoint or not appoint;
 - 18 • addressing the rights of a powerholder's creditors in appointive property; and
 - 19 • miscellaneous provisions; and
- 20 ▶ makes technical and conforming amendments.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **75-2-208**, as last amended by Laws of Utah 1999, Chapter 142

28 **75-7-505**, as enacted by Laws of Utah 2004, Chapter 89

29 ENACTS:

30 **75-10-101**, Utah Code Annotated 1953

31 **75-10-102**, Utah Code Annotated 1953

32 **75-10-103**, Utah Code Annotated 1953

- 33 **75-10-104**, Utah Code Annotated 1953
- 34 **75-10-201**, Utah Code Annotated 1953
- 35 **75-10-202**, Utah Code Annotated 1953
- 36 **75-10-203**, Utah Code Annotated 1953
- 37 **75-10-204**, Utah Code Annotated 1953
- 38 **75-10-205**, Utah Code Annotated 1953
- 39 **75-10-206**, Utah Code Annotated 1953
- 40 **75-10-301**, Utah Code Annotated 1953
- 41 **75-10-302**, Utah Code Annotated 1953
- 42 **75-10-303**, Utah Code Annotated 1953
- 43 **75-10-304**, Utah Code Annotated 1953
- 44 **75-10-305**, Utah Code Annotated 1953
- 45 **75-10-306**, Utah Code Annotated 1953
- 46 **75-10-307**, Utah Code Annotated 1953
- 47 **75-10-308**, Utah Code Annotated 1953
- 48 **75-10-309**, Utah Code Annotated 1953
- 49 **75-10-310**, Utah Code Annotated 1953
- 50 **75-10-311**, Utah Code Annotated 1953
- 51 **75-10-312**, Utah Code Annotated 1953
- 52 **75-10-313**, Utah Code Annotated 1953
- 53 **75-10-314**, Utah Code Annotated 1953
- 54 **75-10-401**, Utah Code Annotated 1953
- 55 **75-10-402**, Utah Code Annotated 1953
- 56 **75-10-403**, Utah Code Annotated 1953
- 57 **75-10-404**, Utah Code Annotated 1953
- 58 **75-10-405**, Utah Code Annotated 1953
- 59 **75-10-406**, Utah Code Annotated 1953
- 60 **75-10-407**, Utah Code Annotated 1953
- 61 **75-10-501**, Utah Code Annotated 1953
- 62 **75-10-502**, Utah Code Annotated 1953
- 63 **75-10-503**, Utah Code Annotated 1953

64 **75-10-601**, Utah Code Annotated 1953

65 **75-10-602**, Utah Code Annotated 1953

66 **75-10-603**, Utah Code Annotated 1953

67 REPEALS:

68 **75-2-608**, as repealed and reenacted by Laws of Utah 1998, Chapter 39

69 **75-2-704**, as enacted by Laws of Utah 1998, Chapter 39

70

71 *Be it enacted by the Legislature of the state of Utah:*

72 Section 1. Section **75-2-208** is amended to read:

73 **75-2-208. Exclusions, valuation, and overlapping application.**

74 (1) The value of any separate property of the decedent or the decedent's surviving
75 spouse is excluded from the augmented estate even if it otherwise would be included in the
76 augmented estate under Sections 75-2-204, 75-2-205, 75-2-206, and 75-2-207. Property is
77 separate property if it was:

78 (a) owned at the date of the most recent marriage of the decedent and the decedent's
79 surviving spouse;

80 (b) acquired by gift or disposition at death from a person other than the decedent or the
81 decedent's surviving spouse;

82 (c) subject to a presently exercisable power of appointment not created by the decedent
83 or the decedent's spouse that is exempt under Section 75-10-502;

84 ~~(d)~~ (d) acquired in exchange for or with the proceeds of other separate property;

85 ~~(e)~~ (e) designated as separate property by written waiver under Section 75-2-213; or

86 ~~(f)~~ (f) acquired as a recovery for personal injury but only to the extent attributable to
87 expenses paid or otherwise satisfied from separate property.

88 (2) Income attributable to investment, rental, licensing or other use of separate property
89 during the most recent marriage of the decedent and the decedent's surviving spouse is separate
90 property.

91 (3) Appreciation in the value of separate property during the most recent marriage of
92 the decedent and the decedent's surviving spouse is separate property.

93 (4) Except as provided in this Subsection (4), any increase in the value of separate

94 property due to improvements to or the reduction in debt owed against separate property during
95 the most recent marriage of the decedent and the decedent's surviving spouse is separate
96 property. An amount equal to any payment for improvements to or the reduction in debt owed
97 against separate property of the decedent made during the most recent marriage of the decedent
98 and the decedent's surviving spouse from the joint or commingled funds of the decedent and
99 the decedent's surviving spouse, or from the separate property of the surviving spouse, shall not
100 be separate property to the extent of the amount actually paid for the improvements or the
101 amount actually paid for the reduction in debt, including principal, interest, and other payments
102 under the note, owed against separate property. The amount that is determined not to be
103 separate property may not exceed the value of the separate property.

104 (5) All property of the decedent or the decedent's surviving spouse, whether or not
105 commingled, is rebuttably presumed not to be separate property.

106 (6) The value of any property is excluded from the decedent's nonprobate transfers to
107 others:

108 (a) to the extent the decedent received adequate and full consideration in money or
109 money's worth for a transfer of the property; or

110 (b) if the property was transferred with the written joinder of, or if the transfer was
111 consented to in writing by, the surviving spouse.

112 (7) The value of property:

113 (a) included in the augmented estate under Section 75-2-205, 75-2-206, or 75-2-207 is
114 reduced in each category by enforceable claims against the included property; and

115 (b) includes the commuted value of any present or future interest and the commuted
116 value of amounts payable under any trust, life insurance settlement option, annuity contract,
117 public or private pension, disability compensation, death benefit or retirement plan, or any
118 similar arrangement, exclusive of the federal Social Security system.

119 (8) In case of overlapping application to the same property of the section or subsections
120 of Section 75-2-205, 75-2-206, or 75-2-207, the property is included in the augmented estate
121 under the provision yielding the greatest value, and under only one overlapping provision if
122 they all yield the same value.

123 Section 2. Section **75-7-505** is amended to read:

124 **75-7-505. Creditor's claim against settlor.**

125 ~~[(1)]~~ Whether or not the terms of a trust contain a spendthrift provision, the following
126 rules apply:

127 ~~[(a)]~~ (1) During the lifetime of the settlor, the property of a revocable trust is subject to
128 the claims of the settlor's creditors. If a trust has more than one settlor, the amount the creditor
129 or assignee of a particular settlor may reach may not exceed the settlor's interest in the portion
130 of the trust attributable to that settlor's contribution.

131 ~~[(b)]~~ (2) With respect to an irrevocable trust other than an irrevocable trust that meets
132 the requirements of Section 25-6-14, a creditor or assignee of the settlor may reach the
133 maximum amount that can be distributed to or for the settlor's benefit. If the trust has more
134 than one settlor, the amount the creditor or assignee of a particular settlor may reach may not
135 exceed the settlor's interest in the portion of the trust attributable to that settlor's contribution.

136 ~~[(c)]~~ (3) After the death of a settlor, and subject to the settlor's right to direct the source
137 from which liabilities will be paid, the property of a trust that was revocable at the settlor's
138 death, but not property received by the trust as a result of the death of the settlor which is
139 otherwise exempt from the claims of the settlor's creditors, is subject to claims of the settlor's
140 creditors, costs of administration of the settlor's estate, the expenses of the settlor's funeral and
141 disposal of remains, and statutory allowances to a surviving spouse and children to the extent
142 the settlor's probate estate is inadequate to satisfy those claims, costs, expenses, and
143 allowances.

144 ~~[(2) For purposes of this section:]~~

145 ~~[(a) during the period the power may be exercised, the holder of a power of withdrawal~~
146 ~~is treated in the same manner as the settlor of a revocable trust to the extent of the property~~
147 ~~subject to the power; and]~~

148 ~~[(b) upon the lapse, release, or waiver of the power, the holder is treated as the settlor~~
149 ~~of the trust only to the extent the value of the property affected by the lapse, release, or waiver~~
150 ~~exceeds the greater of the amount specified in Subsection 2041(b)(2), 2514(e), or Section~~
151 ~~2503(b) of the Internal Revenue Code of 1986, in each case as in effect on May 1, 2004.]~~

152 Section 3. Section **75-10-101** is enacted to read:

153 **CHAPTER 10. UNIFORM POWERS OF APPOINTMENT ACT**

154 **Part 1. General Provisions**

155 **75-10-101. Title.**

156 This chapter is known as the "Uniform Powers of Appointment Act."

157 Section 4. Section **75-10-102** is enacted to read:

158 **75-10-102. Definitions.**

159 As used in this chapter:

160 (1) "Appointee" means a person to which a powerholder makes an appointment of
161 appointive property.

162 (2) "Appointive property" means the property or property interest subject to a power of
163 appointment.

164 (3) "Blanket-exercise clause" means a clause in an instrument that exercises a power of
165 appointment and is not a specific-exercise clause. The term includes a clause that:

166 (a) expressly uses the words "any power" in exercising any power of appointment the
167 powerholder has;

168 (b) expressly uses the words "any property" in appointing any property over which the
169 powerholder has a power of appointment; or

170 (c) disposes of all property subject to disposition by the powerholder.

171 (4) "Donor" means a person that creates a power of appointment.

172 (5) "Exclusionary power of appointment" means a power of appointment exercisable in
173 favor of any one or more of the permissible appointees to the exclusion of the other permissible
174 appointees.

175 (6) "General power of appointment" means a power of appointment exercisable in
176 favor of the powerholder, the powerholder's estate, a creditor of the powerholder, or a creditor
177 of the powerholder's estate.

178 (7) "Gift-in-default clause" means a clause identifying a taker in default of
179 appointment.

180 (8) "Impermissible appointee" means a person that is not a permissible appointee.

181 (9) "Instrument" means a record.

182 (10) "Nongeneral power of appointment" means a power of appointment that is not a
183 general power of appointment. The terms "special power of appointment," "limited power of
184 appointment" or similar terminology used in an instrument creating a power that does not grant
185 powers making it a general power of appointment as defined in this chapter mean the same as
186 and may be used interchangeably with the term nongeneral power of appointment.

187 (11) "Permissible appointee" means a person in whose favor a powerholder may
188 exercise a power of appointment.

189 (12) "Person" means an individual, estate, trust, business or nonprofit entity, public
190 corporation, government or governmental subdivision, agency, instrumentality, or other legal
191 entity.

192 (13) "Powerholder" means a person in whom a donor creates a power of appointment.

193 (14) "Power of appointment" means a power that enables a powerholder acting in a
194 nonfiduciary capacity to designate a recipient of an interest in, or another power of appointment
195 over, the appointive property. The term does not include a power of attorney.

196 (15) "Presently exercisable power of appointment" means a power of appointment
197 exercisable by the powerholder at a relevant time. The term:

198 (a) includes a power of appointment not exercisable until the occurrence of a specified
199 event, the satisfaction of an ascertainable standard, or the passage of a specified time only after:

200 (i) the occurrence of the specified event;

201 (ii) the satisfaction of the ascertainable standard; or

202 (iii) the passage of the specified time; and

203 (b) does not include a power exercisable only at the powerholder's death.

204 (16) "Record" means information that is inscribed on a tangible medium or that is
205 stored in an electronic or other medium and is retrievable in perceivable form.

206 (17) "Specific-exercise clause" means a clause in an instrument that specifically refers
207 to and exercises a particular power of appointment.

208 (18) "Taker in default of appointment" means a person that takes all or part of the
209 appointive property to the extent the powerholder does not effectively exercise the power of
210 appointment.

211 (19) "Terms of the instrument" means the manifestation of the intent of the maker of
212 the instrument regarding the instrument's provisions as expressed in the instrument or as may
213 be established by other evidence that would be admissible in a legal proceeding.

214 Section 5. Section **75-10-103** is enacted to read:

215 **75-10-103. Governing law.**

216 (1) Unless the terms of the instrument creating a power of appointment manifest a
217 contrary intent:

218 (a) the creation, revocation, amendment, interpretation and definition of terms, or the
219 determination of the rights of the appointee of the power is governed by the law of the donor's
220 domicile at the relevant time; and

221 (b) the formalities for the exercise, release, or disclaimer of the power, or the
222 revocation or amendment of the exercise release, or disclaimer of the power is governed by the
223 law of the powerholder's state of domicile at the relevant time.

224 (2) The law of the powerholder's state of domicile may not govern the interpretation
225 and definition of terms, or the determination of the rights of the appointee of the power, which
226 shall be governed by the law of the donor's domicile at the relevant time.

227 (3) Claims of creditors, including creditor claims regarding a power not created by a
228 powerholder as set forth in Section 75-10-502, and other parties claiming an interest in
229 property or rights subject to a power will be governed by the laws of the donor's domicile at the
230 time of the creation of the power and not the powerholder's state of domicile either at the time
231 of the creation of the power or at the time of exercise of the power.

232 Section 6. Section **75-10-104** is enacted to read:

233 **75-10-104. Common law and principles of equity.**

234 The common law and principles of equity supplement this chapter, except to the extent
235 modified by this chapter or laws of this state other than this chapter.

236 Section 7. Section **75-10-201** is enacted to read:

237 **Part 2. Creation, Revocation, and Amendment of Power of Appointment**

238 **75-10-201. Creation of power of appointment.**

239 (1) A power of appointment is created only if:

240 (a) the instrument creating the power:

241 (i) is valid under applicable law; and

242 (ii) except as otherwise provided in Subsection (2), transfers the appointive property;

243 and

244 (b) the terms of the instrument creating the power manifest the donor's intent to create
245 in a powerholder a power of appointment over the appointive property exercisable in favor of a
246 permissible appointee.

247 (2) Subsection (1)(a)(ii) does not apply to the creation of a power of appointment by
248 the exercise of a power of appointment.

249 (3) A power of appointment may not be created in a deceased individual.

250 (4) Subject to an applicable rule against perpetuities, a power of appointment may be
251 created in an unborn or unascertained powerholder.

252 Section 8. Section **75-10-202** is enacted to read:

253 **75-10-202. Nontransferability.**

254 A powerholder may not transfer a power of appointment. If a powerholder dies without
255 exercising or releasing a power, the power lapses.

256 Section 9. Section **75-10-203** is enacted to read:

257 **75-10-203. Presumption of unlimited authority.**

258 Subject to Section 75-10-205, and unless the terms of the instrument creating a power
259 of appointment manifest a contrary intent, the power is:

260 (1) presently exercisable;

261 (2) exclusionary; and

262 (3) except as otherwise provided in Section 75-10-204, general.

263 Section 10. Section **75-10-204** is enacted to read:

264 **75-10-204. Exception to presumption of unlimited authority.**

265 Unless the terms of the instrument creating a power of appointment manifest a contrary
266 intent, the power is nongeneral if:

267 (1) the power is exercisable only at the powerholder's death; and

268 (2) the permissible appointees of the power are a defined and limited class that does
269 not include the powerholder's estate, the powerholder's creditors, or the creditors of the
270 powerholder's estate.

271 Section 11. Section **75-10-205** is enacted to read:

272 **75-10-205. Rules of classification.**

273 (1) In this section, "adverse party" means a person with a substantial beneficial interest
274 in property that would be affected adversely by a powerholder's exercise or nonexercise of a
275 power of appointment in favor of the powerholder, the powerholder's estate, a creditor of the
276 powerholder, or a creditor of the powerholder's estate.

277 (2) If a powerholder may exercise a power of appointment only with the consent or
278 joinder of an adverse party, the power is nongeneral.

279 (3) If the permissible appointees of a power of appointment are not defined and
280 limited, the power is exclusionary.

281 Section 12. Section **75-10-206** is enacted to read:

282 **75-10-206. Donor's power to revoke or amend.**

283 A donor may revoke or amend a power of appointment unless or to the extent the
284 instrument creating the power is made irrevocable by the donor or the exercise of a presently
285 exercisable power has been irrevocably made or effected.

286 Section 13. Section **75-10-301** is enacted to read:

287 **Part 3. Exercise of Power of Appointment**

288 **75-10-301. Requisites for exercise of power of appointment.**

289 A power of appointment is exercised only:

290 (1) if the instrument exercising the power is valid under applicable law;

291 (2) if the terms of the instrument exercising the power:

292 (a) manifest the powerholder's intent to exercise the power; and

293 (b) satisfy the requirements of exercise, if any, imposed by the donor; and

294 (3) to the extent the appointment is a permissible exercise of the power.

295 Section 14. Section **75-10-302** is enacted to read:

296 **75-10-302. Intent to exercise -- Determining intent from residuary clause.**

297 (1) As used in this section:

298 (a) "Residuary clause" does not include a residuary clause containing a
299 blanket-exercise clause or a specific-exercise clause.

300 (b) "Will" includes a codicil and a testamentary instrument that revises another will.

301 (2) A residuary clause in a powerholder's will, or a comparable clause in the
302 powerholder's revocable trust, manifests the powerholder's intent to exercise a power of
303 appointment only if:

304 (a) the terms of the instrument containing the residuary clause do not manifest a
305 contrary intent;

306 (b) the power is a general power exercisable in favor of the powerholder's estate;

307 (c) there is no gift-in-default clause or the clause is ineffective; and

308 (d) the powerholder did not release the power.

309 Section 15. Section **75-10-303** is enacted to read:

310 **75-10-303. Intent to exercise -- After-acquired power.**

311 Unless the terms of the instrument exercising a power of appointment manifest a
312 contrary intent:

313 (1) except as otherwise provided in Subsection (2), a blanket-exercise clause extends to
314 a power acquired by the powerholder after executing the instrument containing the clause; and

315 (2) if the powerholder is also the donor of the power, the clause does not extend to the
316 power unless there is no gift-in-default clause or the gift-in-default clause is ineffective.

317 Section 16. Section **75-10-304** is enacted to read:

318 **75-10-304. Compliance with donor-imposed formal requirements.**

319 (1) A power holder's compliance with formal requirements of appointment imposed by
320 the donor is sufficient only if the powerholder substantially complies with the conditions,
321 requirements, and formalities set forth in the power of appointment, including complying with
322 all the requirements for making specific reference to the power, that the power shall be
323 exercised in a specific document such as a will, or that the document exercising the power shall
324 be witnessed or notarized. If the donor limited the powerholder's exercise to a validly executed
325 will, substantial compliance may not include the exercise of the power by a trust or another
326 document not meeting the requirements of a properly executed will.

327 (2) Unless required by the instrument creating the power, the probate of a properly
328 executed will is not required for the exercise of a power to be valid and complete.

329 Section 17. Section **75-10-305** is enacted to read:

330 **75-10-305. Permissible appointment.**

331 (1) A powerholder of a general power of appointment that permits appointment to the
332 powerholder or the powerholder's estate may make any appointment, including an appointment
333 in trust or creating a new power of appointment, that the powerholder could make in disposing
334 of the powerholder's own property.

335 (2) A powerholder of a general power of appointment that permits appointment only to
336 the creditors of the powerholder or of the powerholder's estate may appoint only to those
337 creditors.

338 (3) Unless the terms of the instrument creating a power of appointment manifest a
339 contrary intent, the powerholder of a nongeneral power may:

340 (a) make an appointment in any form, including an appointment in trust, in favor of a

341 permissible appointee;

342 (b) create a general power in a permissible appointee; or

343 (c) create a nongeneral power in any person to appoint one or more of the permissible
344 appointees of the original nongeneral power.

345 Section 18. Section **75-10-306** is enacted to read:

346 **75-10-306. Appointment to deceased appointee or permissible appointee's**
347 **descendant.**

348 (1) Subject to Sections 75-2-603 and 75-2-604, an appointment to a deceased appointee
349 is ineffective.

350 (2) Unless the terms of the instrument creating a power of appointment manifest a
351 contrary intent, a powerholder of a nongeneral power may exercise the power in favor of, or
352 create a new power of appointment in, a descendant of a deceased permissible appointee
353 whether or not the descendant is described by the donor as a permissible appointee.

354 Section 19. Section **75-10-307** is enacted to read:

355 **75-10-307. Impermissible appointment.**

356 (1) Except as otherwise provided in Section 75-10-306, an exercise of a power of
357 appointment in favor of an impermissible appointee is ineffective.

358 (2) An exercise of a power of appointment in favor of a permissible appointee is
359 ineffective to the extent the appointment is a fraud on the power.

360 Section 20. Section **75-10-308** is enacted to read:

361 **75-10-308. Elective allocation doctrine.**

362 If a powerholder exercises a power of appointment in a disposition that also disposes of
363 property the powerholder owns, the owned property and the appointive property shall be
364 allocated in the permissible manner that best carries out the powerholder's intent.

365 Section 21. Section **75-10-309** is enacted to read:

366 **75-10-309. Capture doctrine -- Disposition of ineffectively appointed property**
367 **under general power.**

368 To the extent a powerholder of a general power of appointment, other than a power to
369 withdraw property from, revoke, or amend a trust, makes an ineffective appointment:

370 (1) the gift-in-default clause controls the disposition of the ineffectively appointed
371 property; or

372 (2) if there is no gift-in-default clause or to the extent the clause is ineffective, the
373 ineffectively appointed property:

374 (a) passes to:

375 (i) the powerholder if the powerholder is a permissible appointee and is living; or

376 (ii) if the powerholder is an impermissible appointee or is deceased, the powerholder's
377 estate if the estate is a permissible appointee; or

378 (b) if there is no taker under Subsection (2)(a), passes under a reversionary interest to
379 the donor or the donor's transferee or successor in interest.

380 Section 22. Section **75-10-310** is enacted to read:

381 **75-10-310. Disposition of unappointed property under released or unexercised**
382 **general power.**

383 To the extent a powerholder releases or fails to exercise a general power of appointment
384 other than a power to withdraw property from, revoke, or amend a trust:

385 (1) the gift-in-default clause controls the disposition of the unappointed property; or

386 (2) if there is no gift-in-default clause or to the extent the clause is ineffective:

387 (a) except as otherwise provided in Subsection (2)(b), the unappointed property passes
388 to:

389 (i) the powerholder if the powerholder is a permissible appointee and is living; or

390 (ii) if the powerholder is an impermissible appointee or is deceased, the powerholder's
391 estate if the estate is a permissible appointee; or

392 (b) to the extent the powerholder released the power, or if there is no taker under
393 Subsection (2)(a), the unappointed property passes under a reversionary interest to the donor or
394 the donor's transferee or successor in interest.

395 Section 23. Section **75-10-311** is enacted to read:

396 **75-10-311. Disposition of unappointed property under released or unexercised**
397 **nongeneral power.**

398 To the extent a powerholder releases, ineffectively exercises, or fails to exercise a
399 nongeneral power of appointment:

400 (1) the gift-in-default clause controls the disposition of the unappointed property; or

401 (2) if there is no gift-in-default clause or to the extent the clause is ineffective, the
402 unappointed property:

403 (a) passes to the permissible appointees if:
404 (i) the permissible appointees are defined and limited; and
405 (ii) the terms of the instrument creating the power do not manifest a contrary intent; or
406 (b) if there is no taker under Subsection (2)(a), passes under a reversionary interest to
407 the donor or the donor's transferee or successor in interest.

408 Section 24. Section **75-10-312** is enacted to read:

409 **75-10-312. Disposition of unappointed property if partial appointment to taker in**
410 **default.**

411 Unless the terms of the instrument creating or exercising a power of appointment
412 manifest a contrary intent, if the powerholder makes a valid partial appointment to a taker in
413 default of appointment, the taker in default of appointment may share fully in unappointed
414 property.

415 Section 25. Section **75-10-313** is enacted to read:

416 **75-10-313. Appointment to taker in default.**

417 If a powerholder makes an appointment to a taker in default of appointment and the
418 appointee would have taken the property under a gift-in-default clause had the property not
419 been appointed, the power of appointment is considered not to have been exercised and the
420 appointee takes under the clause.

421 Section 26. Section **75-10-314** is enacted to read:

422 **75-10-314. Powerholder's authority to revoke or amend exercise.**

423 Unless the terms of the instrument creating the power of appointment or the instrument
424 exercising the power of appointment provide that the exercise is irrevocable or unamendable, a
425 powerholder may revoke or amend an exercise of a power of appointment made by an
426 instrument effective during the life of the powerholder where the exercise is to become
427 effective at some future time or contingency and where that future time and contingency has
428 not yet occurred, as long as the revocation or amendment is done with the same formality as the
429 original exercise of the power of appointment.

430 Section 27. Section **75-10-401** is enacted to read:

431 **Part 4. Disclaimer or Release - Contract to Appoint or Not to Appoint**

432 **75-10-401. Disclaimer.**

433 As provided by Section 75-2-801:

434 (1) A powerholder may disclaim all or part of a power of appointment.

435 (2) A permissible appointee, an appointee, or a taker in default of appointment may
436 disclaim all or part of an interest in appointive property.

437 Section 28. Section **75-10-402** is enacted to read:

438 **75-10-402. Authority to release.**

439 A powerholder may release a power of appointment, in whole or in part, except to the
440 extent the terms of the instrument creating the power prevent the release.

441 Section 29. Section **75-10-403** is enacted to read:

442 **75-10-403. Method of release.**

443 A powerholder of a releasable power of appointment may release the power in whole or
444 in part:

445 (1) by substantial compliance with a method provided in the terms of the instrument
446 creating the power; or

447 (2) if the terms of the instrument creating the power do not provide a method or the
448 method provided in the terms of the instrument is not expressly made exclusive, by a record
449 manifesting the powerholder's intent by clear and convincing evidence.

450 Section 30. Section **75-10-404** is enacted to read:

451 **75-10-404. Revocation or amendment of release.**

452 A powerholder may revoke or amend a release of a power of appointment only to the
453 extent that:

454 (1) the instrument of release is revocable by the powerholder; or

455 (2) the powerholder reserves a power of revocation or amendment in the instrument of
456 release.

457 Section 31. Section **75-10-405** is enacted to read:

458 **75-10-405. Power to contract -- Presently exercisable power of appointment.**

459 A powerholder of a presently exercisable power of appointment may contract:

460 (1) not to exercise the power; or

461 (2) to exercise the power if the contract when made does not confer a benefit on an
462 impermissible appointee.

463 Section 32. Section **75-10-406** is enacted to read:

464 **75-10-406. Power to contract -- Power of appointment not presently exercisable.**

465 A powerholder of a power of appointment that is not presently exercisable may contract
466 to exercise or not to exercise the power only if the powerholder:

467 (1) is also the donor of the power; and

468 (2) has reserved the power in a revocable trust.

469 Section 33. Section **75-10-407** is enacted to read:

470 **75-10-407. Remedy for breach of contract to appoint or not to appoint.**

471 The remedy for a powerholder's breach of a contract to appoint or not to appoint
472 appointive property is limited to damages payable out of the appointive property or, if
473 appropriate, specific performance of the contract.

474 Section 34. Section **75-10-501** is enacted to read:

475 **Part 5. Rights of Powerholder's Creditors in Appointive Property**

476 **75-10-501. Creditor claim -- General power created by powerholder.**

477 (1) In this section, "power of appointment created by the powerholder" includes a
478 power of appointment created in a transfer by another person to the extent the powerholder
479 contributed value to the transfer.

480 (2) Appointive property subject to a general power of appointment created by the
481 powerholder is subject to a claim of a creditor of the powerholder or of the powerholder's estate
482 to the extent provided in Title 25, Chapter 6, Uniform Fraudulent Transfer Act.

483 (3) Subject to Subsection (2), appointive property subject to a general power of
484 appointment created by the powerholder is not subject to a claim of a creditor of the
485 powerholder or the powerholder's estate to the extent the powerholder irrevocably appointed
486 the property in favor of a person other than the powerholder or the powerholder's estate.

487 (4) Subject to Subsections (2) and (3), and notwithstanding the presence of a
488 spendthrift provision or whether the claim arose before or after the creation of the power of
489 appointment, appointive property subject to a general power of appointment created by the
490 powerholder is subject to a claim of a creditor of:

491 (a) the powerholder, to the same extent as if the powerholder owned the appointive
492 property, if the power is presently exercisable; and

493 (b) the powerholder's estate, to the extent the estate is insufficient to satisfy the claim
494 and subject to the right of a decedent to direct the source from which liabilities are paid, if the

495 power is exercisable at the powerholder's death.

496 Section 35. Section **75-10-502** is enacted to read:

497 **75-10-502. Creditor claim -- Power not created by powerholder.**

498 (1) The property subject to a general or a nongeneral power of appointment not created
499 by the powerholder, including a presently exercisable general or nongeneral power of
500 appointment, is exempt from a claim of a creditor of the powerholder or the powerholder's
501 estate. The powerholder of such a power may not be compelled to exercise the power and the
502 powerholder's creditors may not acquire the power, any rights thereto, or reach the trust
503 property or beneficial interests by any other means. A court may not exercise or require the
504 powerholder to exercise the power of appointment.

505 (2) As set forth in Section 75-10-103, the law of the donor's domicile at the time of
506 creation shall govern claims of creditors and other parties claiming an interest in property or
507 rights subject to a power of appointment.

508 Section 36. Section **75-10-503** is enacted to read:

509 **75-10-503. Power to withdraw.**

510 (1) For purposes of this part, and except as otherwise provided in Subsection (2), a
511 power to withdraw property from a trust is treated, during the time the power may be exercised,
512 as a presently exercisable general power of appointment to the extent of the property subject to
513 the power to withdraw.

514 (2) On the lapse, release, or waiver of a power to withdraw property from a trust, the
515 power is treated as a presently exercisable general power of appointment only to the extent the
516 value of the property affected by the lapse, release, or waiver exceeds the greater of the amount
517 specified in 26 U.S.C. Sec. 2041(b)(2) and 26 U.S.C. Sec. 2514(e) or the amount specified in
518 26 U.S.C. Sec. 2503(b).

519 Section 37. Section **75-10-601** is enacted to read:

520 **Part 6. Miscellaneous Provisions**

521 **75-10-601. Uniformity of application and construction.**

522 In applying and construing this uniform act, consideration shall be given to the need to
523 promote uniformity of the law with respect to its subject matter among states that enact it.

524 Section 38. Section **75-10-602** is enacted to read:

525 **75-10-602. Relation to Electronic Signatures in Global and National Commerce**
526 **Act.**

527 This chapter modifies, limits, or supersedes the Electronic Signatures in Global and
528 National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but does not modify, limit, or supersede
529 Section 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the
530 notices described in Section 103(b) of that act, 15 U.S.C. Sec. 7003(b).

531 Section 39. Section **75-10-603** is enacted to read:

532 **75-10-603. Application to existing relationships.**

533 (1) Except as otherwise provided in this chapter, on and after May 9, 2017:

534 (a) this chapter applies to a power of appointment created before, on, or after May 9,
535 2017;

536 (b) this chapter applies to a judicial proceeding concerning a power of appointment
537 commenced on or after May 9, 2017;

538 (c) this chapter applies to a judicial proceeding concerning a power of appointment
539 commenced before May 9, 2017, unless the court finds that application of a particular
540 provision of this chapter would interfere substantially with the effective conduct of the judicial
541 proceeding or prejudice a right of a party, in which case the particular provision of this chapter
542 does not apply and the superseded law applies; and

543 (d) a rule of construction or presumption provided in this chapter applies to an
544 instrument executed before May 9, 2017, unless there is a clear indication of a contrary intent
545 in the terms of the instrument.

546 (2) Except as otherwise provided in Subsections (1)(a) through (d), an action done
547 before May 9, 2017, is not affected by this chapter.

548 (3) If a right is acquired, extinguished, or barred on the expiration of a prescribed
549 period that commenced under law of this state other than this chapter before May 9, 2017, the
550 law continues to apply to the right.

551 Section 40. **Repealer.**

552 This bill repeals:

553 Section **75-2-608, Exercise of power of appointment.**

554 Section **75-2-704, Power of appointment -- Meaning of specific reference**
555 **requirement.**

