

**UNIFORM PRINCIPAL AND INCOME ACT (EXCERPT)**  
**Act 159 of 2004**

**555.703 Undistributed income.**

Sec. 303.

(1) As used in this section, "undistributed income" means net income received before the date on which an income interest ends. Undistributed income does not include an item of income or expense that is due or accrued or net income that has been added or is required to be added to principal under the terms of the trust.

(2) Except as otherwise provided in this subsection, when a mandatory income interest ends, the trustee shall pay to a mandatory income beneficiary who survives that date, or the estate of a deceased mandatory income beneficiary whose death causes the interest to end, the beneficiary's share of the undistributed income that is not disposed of under the terms of the trust. If the beneficiary has an unqualified power to revoke more than 5% of the trust immediately before the income interest ends, the undistributed income from the portion of the trust that may be revoked shall be added to principal.

(3) When a trustee's obligation to pay a fixed annuity or a fixed fraction of the value of the trust's assets ends, the trustee shall prorate the final payment if and to the extent required by applicable law to accomplish a purpose of the trust or its settlor relating to income, gift, estate, or other tax requirements.

**History:** 2004, Act 159, Eff. Sept. 1, 2004