

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

**555.808 Insubstantial allocation.**

Sec. 408.

If a trustee determines that an allocation between principal and income required by section 409, 410, 411, 412, or 415 is insubstantial, the trustee may allocate the entire amount to principal unless 1 or more of the circumstances described in section 104(4) apply to the allocation. This power may be exercised by a fiduciary in the circumstances described in section 104(5) and may be released for the reasons and in the manner described in section 104(6). An allocation is presumed to be insubstantial if 1 or more of the following apply:

(a) The amount of the allocation would increase or decrease net income in an accounting period, as determined before the allocation, by less than 10%.

(b) The value of the asset producing the receipt for which the allocation would be made is less than 10% of the total value of the trust's assets at the beginning of the accounting period.

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