

**386.494 Transfers from income to principal for depreciation.**

- (1) In this section, "depreciation" means a reduction in value due to wear, tear, decay, corrosion, or gradual obsolescence of a fixed asset having a useful life of more than one (1) year.
- (2) A trustee may transfer to principal a reasonable amount of the net cash receipts from a principal asset that is subject to depreciation, but shall not transfer any amount for depreciation:
  - (a) Of that portion of real property used or available for use by a beneficiary as a residence or of tangible personal property held or made available for the personal use or enjoyment of a beneficiary; or
  - (b) During the administration of a decedent's estate.
- (3) An amount transferred to principal need not be held as a separate fund.

**Effective:** January 1, 2005

**History:** Created 2004 Ky. Acts ch. 158, sec. 23, effective January 1, 2005.