

SENATE No. 683

The Commonwealth of Massachusetts

PRESENTED BY:

Cynthia S. Creem

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act relating to the payment of interest on pecuniary legacies and pecuniary distributions under a trust instrument.

PETITION OF:

NAME:

Cynthia S. Creem

DISTRICT/ADDRESS:

First Middlesex and Norfolk

SENATE No. 683

By Ms. Creem, a petition (accompanied by bill, Senate, No. 683) of Cynthia S. Creem for legislation to pay interest on pecuniary legacies and pecuniary distributions under a trust instrument. The Judiciary.

[SIMILAR MATTER FILED IN PREVIOUS SESSION

SEE

□ □ SENATE
□ , NO. 732 OF 2011-2012.]

The Commonwealth of Massachusetts

An Act relating to the payment of interest on pecuniary legacies and pecuniary distributions under a trust instrument.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 197 of the General Laws, as appearing in the 2008
2 Official Edition, is hereby amended by striking out section 20 and inserting in place thereof the
3 following section:-

4 Section 20. The rate of interest upon pecuniary legacies under a will or trust
5 shall be the Federal short term rate (for Annual Period for Compounding purposes) determined
6 by the Secretary of the Treasury in accordance with Section 1274(d) of the Internal Revenue
7 Code, as amended and then in effect, for the month during which interest first becomes payable,
8 rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, such rate shall be
9 increased to the next highest full percent). Such rate of interest, once established, shall apply per
10 annum (without compounding) until a pecuniary legacy or pecuniary distribution is paid in full,
11 regardless of any subsequent change in the Federal short-term rate. Unless otherwise provided in
12 the will or trust, interest shall be payable from the date of the expiration of the period within
13 which creditors may bring actions against an executor or administrator as provided in Section 9,
14 or six months from the date upon which the distribution is required by the trust, except in the
15 case of a trust subject to the claims of creditors as provided in Section 9, in which event interest
16 shall be payable from the expiration of the longer of the two periods of time specified in this
17 sentence.

18 SECTION 2. Chapter 190B of the General Laws is hereby amended by striking
19 out section 3-904 and inserting in place thereof the following section:-

20 Section 3-904. The rate of interest upon pecuniary legacies under a will or trust
21 shall be the Federal short term rate (for Annual Period for Compounding purposes) determined
22 by the Secretary of the Treasury in accordance with Section 1274(d) of the Internal Revenue
23 Code, as amended and then in effect, for the month during which interest first becomes payable,
24 rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, such rate shall be
25 increased to the next highest full percent). Such rate of interest, once established, shall apply per
26 annum (without compounding) until a pecuniary legacy or pecuniary distribution is paid in full,
27 regardless of any subsequent change in the Federal short-term rate. Unless otherwise provided in
28 the will or trust, interest shall be payable from the date of the expiration of the period within
29 which creditors may bring actions against an executor or administrator as provided in Section 9,
30 or six months from the date upon which the distribution is required by the trust, except in the
31 case of a trust subject to the claims of creditors as provided in Section 9, in which event interest
32 shall be payable from the expiration of the longer of the two periods of time specified in this
33 sentence.

34 SECTION 3. The provisions of this act shall apply to estates of persons dying
35 on or after the effective date of this act.