

386.624 Satisfaction of obligation of one or both spouses from community property trust -- Distribution of assets upon death of spouse or dissolution of marriage.

- (1) An obligation incurred by only one (1) spouse before or during marriage may be satisfied from that spouse's one-half (1/2) share of a community property trust.
- (2) An obligation incurred by both spouses during marriage may be satisfied from a community property trust of the spouses.
- (3) Upon the death of a spouse, one-half (1/2) of the aggregate value of the property owned by a community property trust established by the spouses shall reflect the share of the surviving spouse and the other one-half (1/2) shall reflect the share of the decedent. Unless provided otherwise in the trust agreement, the trustee shall have the power to distribute assets of the trust in divided or undivided interests and to adjust resulting differences in valuation. A distribution in kind may be made on the basis of a non-pro rata division of the aggregate value of the trust assets, on the basis of a pro rata division of each individual asset, or by using both methods.
- (4) Upon the dissolution of the marriage of the settlor spouses, the community property trust shall terminate, and the trustee shall distribute one-half (1/2) of the trust assets to each spouse, with each spouse receiving one-half (1/2) of each asset, unless otherwise agreed to in writing by both spouses.

Effective: July 15, 2020

History: Created 2020 Ky. Acts ch. 25, sec. 3, effective July 15, 2020.