



Australian Capital Territory

# **Perpetuities and Accumulations Act 1985 No 65**

## **Republication No 2**

Republication date: 11 January 2002

Last amendment made by Act 2001 No 56

Amendments incorporated to 12 September 2001

Authorised by the ACT Parliamentary Counsel

## About this republication

### The republished law

This is a republication of the *Perpetuities and Accumulations Act 1985* as in force on 11 January 2002. It includes any amendment, repeal or expiry affecting the republished law to 12 September 2001 and any amendment made under the *Legislation Act 2001*, part 11.3 (Editorial changes).

The legislation history and amendment history of the republished law are set out in endnotes 3 and 4.

### Kinds of republications

The Parliamentary Counsel's Office prepares 2 kinds of republications of ACT laws (see the ACT legislation register at [www.legislation.act.gov.au](http://www.legislation.act.gov.au)):

- authorised republications to which the *Legislation Act 2001* applies
- unauthorised republications.

The status of this republication appears on the bottom of each page.

### Editorial changes

The *Legislation Act 2001*, part 11.3 authorises the Parliamentary Counsel to make editorial amendments and other changes of a formal nature when preparing a law for republication. Editorial changes do not change the effect of the law, but have effect as if they had been made by an Act commencing on the republication date (see *Legislation Act 2001*, s 115 and s 117). The changes are made if the Parliamentary Counsel considers they are desirable to bring the law into line, or more closely into line, with current legislative drafting practice.

This republication includes amendments made under part 11.3 (see endnote 1).

### Uncommenced provisions and amendments

If a provision of the republished law has not commenced or is affected by an uncommenced amendment, the symbol **U** appears immediately before the provision heading. The text of the uncommenced provision or amendment appears only in the last endnote.

### Modifications

If a provision of the republished law is affected by a current modification, the symbol **M** appears immediately before the provision heading. The text of the modifying provision appears in the endnotes. For the legal status of modifications, see *Legislation Act 2001*, section 95.

### Penalties

The value of a penalty unit for an offence against this republished law at the republication date—

- (a) if the person charged is an individual—\$100; or
- (b) if the person charged is a corporation—\$500.

Amendments incorporated to  
12 September 2001



Australian Capital Territory

# Perpetuities and Accumulations Act 1985

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Amendments incorporated to  
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Australian Capital Territory

# Perpetuities and Accumulations Act 1985

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An Act to effect reforms in the rules of law relating to perpetuities and accumulations

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## 1 Short title

This Act may be cited as the *Perpetuities and Accumulations Act 1985*.

## 2 Definitions for Act

In this Act:

*Note* A definition applies except so far as the contrary intention appears (see *Legislation Act 2001*, s 155).

***commencement date*** means the date of commencement of this Act.

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**disposition** includes—

- (a) the conferring or exercising of a power of appointment or any other power or authority to dispose of property; and
- (b) any alienation of property.

**interest** includes any estate and any right.

**power of appointment** includes any discretionary power to make a disposition.

**property** includes any interest in real or personal property and any thing in action.

**settlement** includes—

- (a) a will; and
- (b) an instrument, testamentary or otherwise, exercising a power of appointment, whether general or special; and
- (c) any other instrument, transaction or dealing whereby a person makes a disposition;

but does not include a law in force in the ACT.

**the rule against perpetual trusts** means the common law rule that invalidates a trust for a purpose which is not charitable where the duration of the trust, if it were valid, would or might exceed the perpetuity period.

**trust**—see the *Trustee Act 1925*, section 4.

**trustee**—see the *Trustee Act 1925*, dictionary.

**will** includes a codicil.

### **3 Application of Act**

- (1) Except as provided by sections 12, 13 and 14, this Act does not apply in relation to a settlement taking effect before the commencement date.

- (2) This Act applies in relation to a settlement exercising a power of appointment, whether general or special, and taking effect on or after the commencement date, whether or not it applies in relation to the settlement creating the power of appointment.
- (3) For subsection (2), a gift over in default of an appointment under a power, whether general or special, shall be treated as a settlement exercising a power of appointment.
- (4) Where a provision of a will executed before the commencement date but taking effect on or after that date creates an interest—
  - (a) if that provision would not have infringed the rule against perpetuities if this Act had not been made—the provision shall take effect as if this Act had not been made; or
  - (b) if that provision would have infringed the rule against perpetuities if this Act had not been made—this Act applies to the provision.

#### **4 Crown**

- (1) Except as provided by subsection (2) or by any other law of the Territory, the rule against perpetuities and the rule against perpetual trusts bind the Crown.
- (2) Nothing in the rule against perpetuities, in the rule against perpetual trusts or in this Act affects any settlement made by the Crown.

#### **5 Time of effect of will**

For this Act, a will shall, in relation to a disposition contained in it, be deemed to take effect on the death of the testator.

#### **6 Member of class**

For this Act, a person shall be treated as a member of a class if in the person's case each and every condition identifying a member of the class is satisfied.

## **7 Powers of appointment**

- (1) For the purposes of the rule against perpetuities, a power of appointment shall be treated as a special power unless—
  - (a) in the settlement creating the power it is expressed to be exercisable by 1 person only; and
  - (b) the power could at all times during its currency when that person is of full age and capacity be exercised immediately by him or her to transfer to, or otherwise vest in, himself or herself the whole of the interest governed by the power without the consent of any person or compliance with any other condition, not being a formal condition relating only to the mode of the exercise of the power.
- (2) Notwithstanding subsection (1), a power of appointment that would, but for the fact that it was made exercisable only by will, have been a general power shall be treated as a general power for the purpose of determining whether an appointment under the power infringes the rule against perpetuities.
- (3) For this section, an authority shall be taken to be unconditional notwithstanding any formal condition relating to the mode of exercise of the power.

## **8 Perpetuity period**

- (1) For the purposes of the rule against perpetuities, the perpetuity period applicable to an interest created by a settlement shall, subject to this section, be 80 years from the date on which the settlement takes effect.
- (2) Where an appointment of an interest is made under a special power of appointment, the perpetuity period shall be reckoned from the date on which the settlement creating the power takes effect.
- (3) Where a child who is *en ventre sa mère* at the time when the perpetuity period applicable to an interest created by a settlement would, but for this subsection, have expired would, if that child had

been born before that time, have taken that interest, that perpetuity period shall be extended until—

- (a) the expiry of the date on which the child is born; or
- (b) it becomes apparent that the child will not be born;

as the case requires.

- (4) Subsection (3) does not apply unless, before the expiry of the perpetuity period that would, but for that subsection, be applicable to the interest created by the relevant settlement, the trustees under that settlement have received notice, supported by a certificate signed by a duly qualified medical practitioner who has examined the woman carrying the child in question, that the child is *en ventre sa mère*.

## **9 Wait and see**

- (1) Where a provision of a settlement which creates an interest would, but for this section or this section and section 10, infringe the rule against perpetuities, the interest shall be treated, until such time (if any) as it becomes certain that, notwithstanding section 10, it must vest, if at all, after the end of the perpetuity period, as if the provision did not infringe that rule, and its so becoming certain does not affect the validity of any thing previously done in relation to the interest.
- (2) Where a provision of a settlement which creates an interest consisting of the conferring of a general power of appointment would, but for this section or this section and section 10, infringe the rule against perpetuities, the interest shall be treated, until such time (if any) as it becomes certain that, notwithstanding section 10, the power will not be exercisable within the perpetuity period, as if the provision did not infringe that rule.
- (3) Where a provision of a settlement which creates an interest consisting of the conferring of any power or right (except a general power of appointment) would, but for this section or this section and section 10, infringe the rule against perpetuities, the interest shall be

treated as regards any exercise of the power or right within the perpetuity period as if the provision did not infringe that rule, and the provision shall be treated as infringing that rule only if and so far as the power or right is not fully exercised within the perpetuity period.

## **10 Reduction of age and exclusion of class members**

- (1) Where—
- (a) a provision of a settlement creates an interest and the vesting of the interest depends on the attainment by a person of a specified age or by persons of respective specified ages; and
  - (b) immediately before the expiration of the perpetuity period applicable to that interest—
    - (i) that person has not attained the specified age, or any of those persons has not attained the age specified in relation to that person, as the case may be; and
    - (ii) the interest has not vested; and
  - (c) the provision is, by reason of the operation of section 9, to be treated as if it did not infringe the rule against perpetuities;

the interest shall, for all purposes, be treated as if its vesting depended on the attainment by the person, or each of the persons referred to in paragraph (b) (i), as the case requires, of the age that he or she has attained immediately before the expiration of that perpetuity period.

- (2) Where an interest to which subsection (1) applies is ulterior to any other interest created by the settlement, that other interest shall not be defeated or otherwise adversely affected by the operation of subsection (1).
- (3) Subject to section 11, where—
- (a) a provision of a settlement creates an interest which is to be taken by a class of persons; and

- (b) immediately before the expiry of the perpetuity period applicable to that interest—
  - (i) the interest has not vested; and
  - (ii) there is a person who is, or there are persons each of whom is, a member of that class (whether under the operation of subsection (1) or otherwise); and
  - (iii) the provision is, by reason only of the operation of section 9, to be treated as if it did not infringe the rule against perpetuities;

in relation to that interest, that class shall be taken to comprise only that person or those persons.

- (4) Where this section has effect in relation to a provision, the operation of this section does not affect the validity of any thing previously done in relation to the interest created by the provision.

## **11 Death of potential class member**

Where—

- (a) section 10 (1) applies to an interest that is to be taken by a class of persons; and
- (b) a person would have been a member, or persons would have been members, of that class (whether under the operation of section 10 (1) or otherwise) if that person or those persons had survived to the expiry of the perpetuity period applicable to that interest; and
- (c) that person has, or those persons have, any children who survive to the expiry of that perpetuity period;

those children will take, *per stirpes*, the interest that their parent, or the respective interests that their parents, would have taken had that parent or those parents survived to the expiry of that perpetuity period.

## **12 Administrative power of trustees**

- (1) The rule against perpetuities does not invalidate an administrative power in relation to trust property during the subsistence of a beneficial interest in the trust property.
- (2) This section applies to an administrative power taking effect, and to any exercise of an administrative power, before, on or after the commencement date.
- (3) In this section:

*administrative power* means any power of a trustee other than a power to appoint, pay, transfer, advance, apply, distribute or otherwise deal with trust property in or towards satisfaction of the interest of a beneficiary under the trust or in or towards satisfaction of a purpose of the trust.

## **13 Remuneration of trustees**

- (1) The rule against perpetuities does not invalidate a power or other provision for remunerating a trustee for the trustee's services.
- (2) This section applies to a power or other provision for remunerating a trustee taking effect before, on or after the commencement date.

## **14 Superannuation and other funds**

- (1) The rule against perpetuities does not invalidate a fund established by a settlement for the benefit of—
  - (a) employees; or
  - (b) self-employed persons; or
  - (c) spouses, children, grandchildren, parents, dependants or legal personal representatives of employees or self-employed persons; or
  - (d) persons duly selected or nominated for that purpose by employees or self-employed persons pursuant to the provisions of the settlement.

- (2) This section applies to settlements taking effect before, on or after the commencement date.
- (3) In this section:
- employees* includes directors, officers, servants and employees of any employer.
- fund* means a provident, superannuation, sick, accident, assurance, unemployment, pension or cooperative benefit fund, scheme, arrangement or provision or other like fund, scheme, arrangement or provision.
- self-employed persons* includes persons engaged on their own behalf in any lawful profession, trade, occupation or calling.

## **15 Determinable interests**

- (1) The rule against perpetuities operates to render invalid the provision for determination of a determinable interest in the same manner as the rule would operate to render invalid a condition subsequent in a settlement for defeasance of the determinable interest on the same contingency, and where that rule does so operate—
- (a) the determinable interest shall not be so determinable; and
  - (b) a subsequent interest not itself rendered invalid by that rule shall be postponed or defeated to the extent necessary to allow the determinable interest to have effect free from the provision for determination.
- (2) For this section, an interest created by, or a provision of, an appointment or other exercise of a power in a settlement (except a general power of appointment) shall be treated as an interest created by, or a provision of, the settlement.
- (3) Notwithstanding subsection (1), the rule against perpetuities shall not apply to—
- (a) a gift over from 1 charity to another; or

(b) any provision for the determination of a lease for breach of a covenant or condition of the lease.

(4) In this section:

*determinable interest* means an interest created by a settlement, being an interest which is, by a provision of the settlement, determinable on a contingency.

*subsequent interest*, in relation to a determinable interest means an interest, whether vested or contingent—

- (a) created by the settlement, or remaining undisposed of by the settlement, or taking effect by way of reverter, resulting trust, residuary gift or otherwise on a possibility arising under the settlement; and
- (b) as regards which the determinable interest is a prior interest.

## **16 Options**

(1) The rule against perpetuities does not apply to—

- (a) any option to renew a lease; or
- (b) an option to acquire for valuable consideration a reversionary interest in the property comprised in a lease if the option is exercisable only—
  - (i) by the lessee or the lessee's successors in title; and
  - (ii) during the currency of the lease.

(2) Where the rule against perpetuities operates to render invalid an option, no action lies, in contract or otherwise, for giving effect to it or making restitution for its lack of effect.

## **17 Trusts for purposes which are not charitable**

(1) Except as provided by this section, this Act shall not affect the operation of the rule against perpetual trusts.

- (2) Where, by a settlement, there is a disposition for a purpose, the perpetuity period applicable to the disposition shall, for the purposes of the rule against perpetual trusts, be 80 years from the date on which the settlement takes effect.
- (3) Where—
- (a) by a settlement, a disposition creates a trust for a purpose; and
  - (b) the trust would, but for this section, infringe the rule against perpetual trusts; and
  - (c) the term of the trust is determined by reference to the occurrence or nonoccurrence of a contingency or contingencies specified in the settlement;
- the trust shall be treated as if it did not infringe the rule until such time as it becomes certain that, by reason of the occurrence or nonoccurrence of such a contingency, the term of the trust specified in the settlement will exceed the perpetuity period, and its so becoming certain does not affect the validity of anything previously done in relation to the trust.
- (4) This section does not apply to a disposition for a purpose which is charitable.

## **18 Dependent interests**

- (1) Where a provision of a settlement creates an interest, the provision is not rendered invalid by the rule against perpetuities or the rule against perpetual trusts by reason only that the interest is ulterior to and dependent upon an interest which is so invalid.
- (2) Where a provision of a settlement creates an interest which is ulterior to another interest and the other interest is rendered invalid by the rule against perpetuities or the rule against perpetual trusts, the acceleration of the vesting of the ulterior interest shall not be affected by reason only that the other interest is so invalid.

## **19 Accumulation of income**

- (1) Where property is disposed of in such a manner that the income of the property may be or is directed to be accumulated wholly or in part, the power or direction to accumulate that income is valid if the disposition of the accumulated income is, or may be, valid, but not otherwise.
- (2) This section does not affect the power of any person to terminate an accumulation that is for the person's benefit, or any jurisdiction or power of a court to maintain or advance out of accumulations, or any power of a trustee under any law in force in the ACT or under any settlement.

## **20 Savings and transitional provisions**

- (1) Section 13 does not affect any rights arising under a judgment or an order which took effect before the commencement date or arising under any agreement made before that date.
- (2) Notwithstanding section 21, the provisions of the Act referred to in that section continue to apply in relation to a settlement that took effect before the commencement date.

## Endnotes

### 1 About the endnotes

Amending and modifying laws are annotated in the legislation history and the amendment history. Current modifications are not included in the republished law but are set out in the endnotes.

Not all editorial amendments made under the *Legislation Act 2001*, part 11.3 are annotated in the amendment history. Full details of any amendments can be obtained from the Parliamentary Counsel's Office.

Uncommenced amending laws are listed in the legislation history and the amendment history. These details are underlined. Uncommenced provisions and amendments are not included in the republished law but are set out in the last endnotes.

If all the provisions of the law have been renumbered, a table of renumbered provisions gives details of previous and current numbering.

The endnotes also include a table of earlier republications.

If the republished law includes penalties, current information about penalty unit values appears on the republication inside front cover.

### 2 Abbreviation key

am = amended	ord = ordinance
amdt = amendment	orig = original
ch = chapter	p = page
cl = clause	par = paragraph
def = definition	pres = present
dict = dictionary	prev = previous
disallowed = disallowed by the Legislative Assembly	(prev...) = previously
div = division	prov = provision
exp = expires/expired	pt = part
Gaz = Gazette	r = rule/subrule
hdg = heading	reg = regulation/subregulation
ins = inserted/added	renum = renumbered
LA = Legislation Act 2001	reloc = relocated
LR = legislation register	R[X] = Republication No
LRA = Legislation (Republication) Act 1996	s = section/subsection
mod = modified / modification	sch = schedule
No = number	sdiv = subdivision
o = order	sub = substituted
om = omitted/repealed	SL = Subordinate Law
	<u>underlining</u> = whole or part not commenced

## Endnotes

3 Legislation history

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### 3 Legislation history

The *Perpetuities and Accumulations Act 1985* was originally the *Perpetuities and Accumulations Ordinance 1985*. It became an ACT Act on self-government (11 May 1989).

Before 11 May 1989, ordinances commenced on their notification day unless otherwise stated (see *Seat of Government (Administration) Act 1910* (Cwlth), s 12).

#### Legislation before self-government

##### **Perpetuities and Accumulations Act 1985 No 65**

notified 19 December 1985

commenced 19 December 1985

as amended by

##### **Self-Government (Consequential Amendments) Ordinance 1989 No 38 sch 1**

notified 10 May 1989 (Cwlth Gaz 1989 No S164)

s 1, s 2 commenced 10 May 1989 (s 2 (1))

sch 1 commenced 11 May 1989 (s 2 (2) and see Cwlth Gaz 1989 No S164)

#### Legislation after self-government

##### **Acts Revision (Position of Crown) Act 1993 No 44 sch 1**

notified 27 August 1993 (Gaz 1993 No S165)

sch 1 commenced 27 August 1993 (s 2)

##### **Legislation (Consequential Amendments) Act 2001 No 44 pt 280**

notified 26 July 2001 (Gaz 2001 No 30)

s 1, s 2 commenced 26 July 2001 (IA s 10B)

pt 280 commenced 12 September 2001 (s 2 and Gaz 2001 No S65)

##### **Statute Law Amendment Act 2001 (No 2) 2001 No 56 pt 3.40**

notified 5 September 2001 (Gaz 2001 No S65)

commenced 5 September 2001 (s 2 (1))

## 4 Amendment history

### Definitions for Act

s 2 def *trust* sub 2001 No 56 amdt 3.464  
 def *trustee* sub 2001 No 56 amdt 3.464

### Crown

s 4 am 1993 No 44 sch 1

### Repeal

s 21 om 2001 No 44 amdt 1.3119

### *Trustee Act 1957*—amendment

s 22 om 2001 No 56 amdt 3.465 (see also 2001 No 44 amdt 1.3119)

### *Seat of Government (Administration) Ordinance 1930*—amendment

s 23 om 1989 No 38 sch 1

## 5 Earlier republications

Some earlier republications were not numbered. The number in column 1 refers to the publication order.

Republication No	Amendments to	Republication date
1	ord 1989 No 38	31 May 1991

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