

**637.420 Insubstantial allocations not required.**

1. If a trustee determines that an allocation between principal and income required by [sections 637.421 through 637.424](#) or [section 637.427](#) is insubstantial, the trustee may allocate the entire receipt to principal.

2. An allocation is presumed to be insubstantial if either of the following would be true if an allocation was made:

*a.* The amount of the allocation would increase or decrease an accounting period's net income, as determined before the allocation, by less than ten percent.

*b.* The value of the asset producing the receipt for which the allocation would be made is less than ten percent of the total value of the trust's assets at the beginning of the accounting period.

[99 Acts, ch 124, §16](#)

Referred to in [§637.424](#)