

WAC 182-516-0001 Definitions. "**Acquire**" means, in the context of trusts, to gain title to, or to gain ownership interest in an asset in a trust. Receiving payment or benefit from an asset in a trust is not acquiring the asset.

"**Annuitant**" means a person or entity that receives the stream of payments from an annuity.

"**Annuity**" means a policy, certificate, or contract that is an agreement between two parties in which one party pays a lump sum to the other, and the other party agrees to guarantee payment of a set amount of money over a set amount of time.

"**Beneficiary**" means, in the context of a trust, a person or entity that is entitled to benefit from a trust.

"**Grantor**" means the person or entity who owned the asset immediately before establishing a trust with that asset.

"**Immediate**" means, in the context of annuities, an annuity that is fully funded at purchase with no accumulation or deferral to allow accumulation.

"**Income**" means, in the context of a trust, the undistributed proceeds that a trust principal generates over a period including, but not limited to, interest, dividends, rents and realized gains on the sale or exchange. Any income not disbursed in one period is principal the next period.

"Irrevocable":

(a) For a trust, "irrevocable" means the grantor or someone acting on behalf of the grantor cannot reacquire any portion of the assets in the trust for the benefit of the grantor or unilaterally change the terms of the trust; and the beneficiary or someone acting on behalf of the beneficiary cannot acquire any portion of the assets in the trust for the benefit of the beneficiary or unilaterally change the terms of the trust. A legal instrument that is called irrevocable, but permits acquisition or reacquisition of any portion of the assets if some action is taken by or on behalf of the grantor or the beneficiary, is revocable for the purposes of this chapter.

(b) A trust or annuity that is not irrevocable is revocable.

(c) A trust is still irrevocable if it meets the definition under (a) of this definition, but allows modifications to the trust to conform with changes in trust law, which occur after the establishment of the trust.

(d) For an annuity, "irrevocable" means the contract cannot be canceled and the terms of the contract cannot be changed.

"**Principal**" means the assets, other than income, that make up the trust, promissory note, or loan.

"**Revocable**" means the instrument is not irrevocable. See the definition of "irrevocable."

"**Self-settled trust**" means any trust established with assets that were originally owned by the beneficiary, or would have been owned by the beneficiary if they had not been diverted into the trust by the beneficiary, the court, or someone acting on the beneficiary's behalf. Depending on the date a trust is established, a trust may be self-settled if the assets were originally owned by the beneficiary's spouse, or would have been owned by the beneficiary's spouse if they had not been diverted into the trust by the beneficiary's spouse, the court, or someone acting on the beneficiary's spouse's behalf.

"**Sole benefit**" of a beneficiary means a trust benefits no one but that beneficiary, whether at the time the trust is established or at any time during the lifetime of the beneficiary.

"Third-party trust" means a trust established with assets originally owned by someone other than the beneficiary. However, depending on the date a trust is established, a trust may be self-settled if the assets were originally owned by the beneficiary's spouse, or would have been owned by the beneficiary's spouse if they had not been diverted into the trust by the beneficiary's spouse, the court, or someone acting on the beneficiary's spouse's behalf.

"To or for the benefit of" means that a payment or benefit of any sort from a trust is transferred to the beneficiary, another person, or entity such that the beneficiary derives some benefit from the transfer.

"Trust" means:

(a) Any arrangement in which a grantor transfers property to a trustee with the intention that it be held, managed, or administered by the trustee for the benefit of the grantor or another beneficiary; or

(b) Any legal instrument, device, or arrangement similar to a trust in which:

(i) A grantor transfers an asset to another; and

(ii) The grantor transfers the asset intending that it be held, managed, or administered for the benefit of the grantor or another beneficiary.

"Trustee" means a person or entity that manages and administers a trust for the beneficiary.

"Uncompensated asset transfer" means the entirety of the fair market value of the asset transferred was uncompensated, regardless of any consideration received in return for the asset.

[Statutory Authority: RCW 41.05.021, 41.05.160 and 42 U.S.C. 1396p. WSR 18-04-037, § 182-516-0001, filed 1/30/18, effective 3/2/18. WSR 13-01-017, recodified as § 182-516-0001, filed 12/7/12, effective 1/1/13. Statutory Authority: RCW 74.04.050, 74.04.057, 74.08.090, and 74.09.575. WSR 03-06-048, § 388-561-0001, filed 2/28/03, effective 4/1/03. Statutory Authority: RCW 74.04.050, 74.08.090, and 74.09.500. WSR 01-06-043, § 388-561-0001, filed 3/5/01, effective 5/1/01.]