

P.L. 2001, CHAPTER 153, *approved July 13, 2001*  
Senate, No. 1887 (*First Reprint*)

1 AN ACT concerning certain <sup>1</sup>[individual retirement and higher  
2 education tuition savings accounts] property in trust<sup>1</sup> and amending  
3 R.S.25:2-1.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. R.S.25:2-1 is amended to read as follows:

9 25:2-1. Conveyances of personal property in trust for use of  
10 persons making them void as to creditors. a. Except as provided in  
11 subsection b. of this section, every deed of gift and every conveyance,  
12 transfer and assignment of goods, chattels or things in action, made in  
13 trust for the use of the person making the same, shall be void as  
14 against creditors.

15 b. Notwithstanding the provisions of any other law to the contrary,  
16 any property held in a qualifying trust and any distributions from a  
17 qualifying trust, regardless of the distribution plan elected for the  
18 qualifying trust, shall be exempt from all claims of creditors and shall  
19 be excluded from an estate in bankruptcy, except that:

20 (1) no exemption shall be allowed for any preferences or fraudulent  
21 conveyances made in violation of the "Uniform Fraudulent Transfer  
22 Act," R.S.25:2-20 et seq., or any other State or federal law; <sup>1</sup>[and]<sup>1</sup>

23 (2) no qualifying trust shall be exempt from the claims under any  
24 order for child support or spousal support or of an alternate payee  
25 under a qualified domestic relations order. However, the interest of  
26 any alternate payee under a qualified domestic relations order is  
27 exempt from all claims of any creditor of the alternate payee. As used  
28 in this paragraph, the terms "alternate payee" and "qualified domestic  
29 relations order" have the meanings ascribed to them in section 414(p)  
30 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.414(p))<sup>1</sup>;  
31 and

32 (3) no qualifying trust shall be exempt from any punitive damages  
33 awarded in a civil action arising from manslaughter or murder<sup>1</sup>.

34 For purposes of this section, a "qualifying trust" means a trust  
35 created or qualified and maintained pursuant to federal law, including,  
36 but not limited to, section 401, 403, 408, [or section] 408A, 409, 529  
37 or 530 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.401,  
38 403, 408 [or], 408A, 409, 529 or 530).  
39 (cf: P.L.1993, c.177, s.1)

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Senate floor amendments adopted February 15, 2001.

1       2. This act shall take effect immediately.

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6       Protects certain IRA and higher education tuition savings account  
7       assets and distributions from creditors, except that qualifying trusts are  
8       subject to certain punitive damage awards.