COURT OF APPEALS OF MARYLAND

Kirkland, Committee v. Mercantile-Safe Deposit and Trust Company of Baltimore, Trustee, 218 Md. 17

145 A.2d 230 (1958) · No. No. 4, September Term, 1958 · Decided September 4, 2001

SUMMARY

The Maryland Court of Appeals considered whether a trust could be terminated at the request of the committee of an incompetent beneficiary. The court held that the trust's spendthrift provisions and material purpose of preserving income for the beneficiaries prevented premature termination, either partially or entirely. The decree dismissing the bill was affirmed.

CASE DETAILS

COURT	Court of Appeals of Maryland
WRITING FOR THE COURT	Prescott, J.; Brune, C.J.; Henderson, J.; Hammond, J.; Horney, J.
JURISDICTION	Maryland
DECIDED	September 4, 2001
DOCKET	No. 4, September Term, 1958
DISPOSITION	affirmed
PROCEDURAL POSTURE	The committee of an adjudicated incompetent beneficiary appealed from the dismissal of a bill seeking termination of a testamentary trust or distribution of part or all of its corpus.
PRECEDENTIAL VALUE	Published Maryland Court of Appeals opinion; precedential.
PARTIES	Kirkland, Committee v. Mercantile-Safe Deposit and Trust Company of Baltimore, Trustee

TOPICS

spendthrift trusts · trusts · trustee duties · guardianship procedure · asset protection

PRACTICE AREAS

trusts and estates · trust administration · guardianship · asset protection

QUESTIONS PRESENTED

1. Whether the power of appointment granted to each daughter caused a portion of the trust corpus to vest and become distributable immediately upon the death of one daughter.
2. Whether a beneficiary who was both a life tenant and a purported vested remainderman could compel partial or complete termination of a spendthrift trust.
3. Whether the trust could be terminated because all living beneficiaries consented and no persons unborn had a prospective interest.

HOLDINGS

1. The will required a single distribution of the corpus upon the death of the last survivor of the testatrix's husband and daughters; the power of appointment did not cause an immediate distribution of a fractional share upon the death of one daughter.
2. A beneficiary of a spendthrift trust may not compel termination of the trust, in whole or in part, when termination would defeat the settlor's material purpose of restraining alienation and preserving the trust income.
3. The general rule permitting termination by all beneficiaries does not apply when one or more beneficial interests are subject to a spendthrift restraint; unanimous beneficiary consent cannot terminate the trust in that circumstance.

KEY QUOTATIONS

> *"This language clearly contemplates and directs but one distribution of the corpus, and names the time — upon the death of the last survivor of her husband and daughters."* (218 Md. at 22)

> *"A necessary corollary of such a policy is that spendthrift trusts must be immune from attempts by the beneficiaries themselves to reach the corpus."* (218 Md. at 23)

> *"However, when the interest of one or more of the beneficiaries is subject to a restraint on alienation, the situation is not the same."* (218 Md. at 24)

FACTUAL BACKGROUND

Lizzie Green Kirkland's will placed the residue of her estate in trust, directing income payments to her husband and daughters during their lives and requiring distribution of the corpus only after the death of the last survivor of the husband and daughters. The will also required that beneficiary payments be made into the beneficiaries' hands and not to others, creating a restraint on alienation. After one daughter died and another became incompetent and needed care exceeding the trust income, the incompetent daughter's committee sought immediate distribution or termination of the trust.

PROCEDURAL HISTORY

After Mary Clara Kirkland suffered a disabling stroke, her sister Daisy S. Kirkland first sought corpus payments to meet extraordinary care expenses, but that bill was dismissed. Mary Clara was later adjudicated incompetent and Daisy was appointed committee of her person and estate. Daisy then brought this action to terminate the trust; the lower court dismissed the bill, and the Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- Smith v. Towers, 69 Md. 77, 14 A. 497, 15 A. 92
- Johnson v. Stringer, 158 Md. 315, 322, 148 A. 447
- Hitchens v. Safe Deposit & Trust Co., 193 Md. 53, 58, 66 A.2d 93
- In re Ricards' Trust Estate, 97 Md. 608, 614-619, 55 A. 384
- Manders v. Mercantile Trust Co., 147 Md. 448, 128 A. 145
