

Legal Updates

Cayman Islands disapplies the Rule against Perpetuities for Cayman Islands' trusts.

August 2024

The Perpetuities (Amendment) Act, 2024 (the "**Act**") (which is not yet in force) abolishes the mandatory 150-year perpetuity period for ordinary trusts established after the Act comes into force (except with respect to trusts holding land or interests in land situated in the Cayman Islands). By dis-applying the rule against perpetuities in respect of Cayman Islands ordinary trusts, such trusts will be able to last indefinitely.

[What is the position before the Act comes into force?](#)

Prior to the Act, Cayman Islands trusts (except for STAR trusts which were not subject to the perpetuity rule) were subject to the rule against perpetuities, which means that these trusts could not last perpetually and instead are required to vest within a perpetuity period of 150 years, at which point the trust property was required to be distributed in accordance with the terms of the trust.

[How does this affect existing trusts?](#)

Section 20(2) of the Act sets out the categories of interested parties (e.g. trustees, settlors and enforcers of existing trusts) who may apply to the Grand Court for an order declaring that the rule against perpetuities in respect of existing Cayman Islands trusts established before the Act comes into force does not apply to a disposition in respect of the trust and the property which is the subject of the disposition in respect of the trust. Such existing trusts would then be able to carry on indefinitely.

[Key takeaway from this change](#)

The disapplication of the mandatory 150-year perpetuity period brings the Cayman Islands in line with many other offshore jurisdictions and reflects the jurisdiction's focus on enhancing its laws to maintain its position as a premier offshore jurisdiction for clients globally in terms of, among other things, asset protection and family succession planning purposes.

This publication is not intended to be a substitute for specific legal advice or a legal opinion. For specific advice on the Cayman Islands trusts generally, please contact your usual Loeb Smith attorney or any of the following:

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