## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2011

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Short Title:

## HOUSE BILL 686 PROPOSED COMMITTEE SUBSTITUTE H686-PCS80234-TM-7

Payable on Death Accounts.

Sponsors: Referred to: April 7, 2011 1 A BILL TO BE ENTITLED 2 AN ACT TO AUTHORIZE THE ESTABLISHMENT OF A PAYABLE ON DEATH 3 ACCOUNT NAMING AN ENTITY OTHER THAN A NATURAL PERSON AS 4 BENEFICIARY. 5 The General Assembly of North Carolina enacts: 6 SECTION 1. G.S. 53-146.2 is repealed, and a new G.S. 53-146.2A is enacted to 7 read: 8 "§ 53-146.2A. Payable on Death (POD) accounts. 9 If any natural person or natural persons establishing a deposit account shall execute (a) 10 a written agreement with the bank containing a statement that it is executed pursuant to the provisions of this section and providing for the account to be held in the name of the natural 11 person or natural persons as owner or owners for one or more beneficiaries, the account and 12 13 any balance thereof shall be held as a Payable on Death account. The account shall have the 14 following incidents: 15 Any owner during the owner's lifetime may change any designated (1) beneficiary by a written direction to the bank. 16 If there are two or more owners of a Payable on Death account, the owners 17 (2)18 shall own the account as joint tenants with right of survivorship and, except 19 as otherwise provided in this section, the account shall have the incidents set 20 forth in G.S. 53-146.1. 21 Any owner may withdraw funds by writing checks or otherwise, as set forth (3) 22 in the account contract, and receive payment in cash or check payable to the 23 owner's personal order. 24 If the beneficiary or beneficiaries are natural persons, there may be one or (4) 25 more beneficiaries and the following shall apply: If only one beneficiary is living and of legal age at the death of the 26 a. 27 last surviving owner, the beneficiary shall be the owner of the 28 account, and payment by the bank to such owner shall be a total 29 discharge of the bank's obligation as to the amount paid. If two or 30 more beneficiaries are living at the death of the last surviving owner, 31 they shall be owners of the account as joint tenants with right of survivorship as provided in G.S. 53-146.1, and payment by the bank 32 to the owners or any of the owners shall be a total discharge of the 33 34 bank's obligation as to the amount paid.



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	<u>b.</u>	If only one beneficiary is living and	d that beneficiary is not of legal
	_	age at the death of the last survivin	
		the funds in the account to the gen	eral guardian or guardian of the
		estate, if any, of the minor benefici	ary. If no guardian of the minor
		beneficiary has been appointed, the	e bank shall hold the funds in a
		similar interest bearing account in	the name of the minor until the
		minor reaches the age of majority of	r until a duly appointed guardian
		withdraws the funds.	
<u>(5)</u>	-	beneficiary is an entity other than a n	atural person, there shall be only
		eneficiary.	
<u>(6)</u>		e or more owners survive the last su	•
		al person, or if a beneficiary who is an	
	-	d cease to exist before the death of the	
	-	dividual account of the owner, or	• •
		vorship of the owners, and shall h	
		dual account in a case of a single own	• •
(7)		vorship, as provided in G.S. 53-146.1, i	
<u>(7)</u>		to the death of the last surviving own rship interest in a Payable on Death	
	-	± •	
		account established pursuant to this iciary or beneficiaries upon the death	
		ands shall be subject only to the p	•
		tion as set forth in G.S. 28A-15-10	
		in the Payable on Death account to	
	shall	•	esentative's authority under
		28A-15-10(a)(1) to collect against the	•
		personal representative's authority to	-
	benef	iciary or beneficiaries is not terminated	1.
The natural	person	or natural persons establishing an acc	count under this subsection shall
		ning language set forth in a conspi	
similar to the	anguage	set out below; the language may b	be on a signature card or in an
		nt that is set out in a separate documer	nt whose receipt is acknowledged
by the person of	persons	establishing the account:	
		<u>'BANK (or name of institution</u>	—
		PAYABLE ON DEATH ACCOU	J <u>NT</u>
<b>T</b> ( )		<u>G.S. 53-146.2A</u>	
		that by establishing a Payable on De	ath account under the provisions
		al Statute 53-146.2A that:	:
<u>1.</u>		g my (or our) lifetime I (or we), indiv	<u>idually or jointly, may withdraw</u>
2		oney in the account.	and of institution) I (on we)
<u>2.</u>		vritten direction to the bank (or not dually or jointly, may ahanga the bang	
2		dually or jointly, may change the bene my (or our) death the money remaini	
<u>3.</u>		eneficiary or beneficiaries, and the model	
		ur) heirs or be controlled by will.	<u>mey will not be inherited by my</u>
	<u>(01 01</u>	it) hells of be controlled by will.	
			,
(b) This	section	shall not be deemed exclusive. Deposit	t accounts not conforming to this
	-		
	section governe	shall not be deemed exclusive. Deposited by other applicable provisions of the	

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1	(c)	No a	ddition to such accounts, nor any withdrawal, payment	nt, or change of
2			affect the nature of such accounts as Payable on Death acc	-
3			r to terminate the account.	
4			section does not repeal or modify any provisions of laws	relating to estate
5	taxes."			-
6		SECT	TON 2. G.S. 54B-130 is repealed and a new G.S. 54B-1	30A is enacted to
7	read:			
8	" <u>§ 54B-130</u>	A. Pa	ayable on Death (POD) accounts.	
9	<u>(a)</u>	If any	natural person or natural persons establishing a deposit acc	ount shall execute
10	<u>a written ag</u>	greeme	ent with the association containing a statement that it is ex-	ecuted pursuant to
11	-		this section and providing for the account to be held in the n	
12	-		persons as owner or owners for one or more beneficiaries	
13	any balance	e there	eof shall be held as a Payable on Death account. The acco	ount shall have the
14	<u>following in</u>	nciden	<u>ts:</u>	
15		(1)	Any owner during the owner's lifetime may change	<u>e any designated</u>
16			beneficiary by a written direction to the association.	
17		(2)	If there are two or more owners of a Payable on Death ac	
18			shall own the account as joint tenants with right of surviv	
19			as otherwise provided in this section, the account shall have	ve the incidents set
20			forth in G.S. 54B-129.	
21		(3)	Any owner may withdraw funds by writing checks or othe	
22			in the account contract, and receive payment in cash or ch	eck payable to the
23			owner's personal order.	
24		(4)	If the beneficiary or beneficiaries are natural persons, the	ere may be one or
25			more beneficiaries and the following shall apply:	
26			a. If only one beneficiary is living and of legal age a	
27			last surviving owner, the beneficiary shall be	
28			account, and payment by the association to such	
29			total discharge of the association's obligation as to	-
30			If two or more beneficiaries are living at the	•
31			surviving owner, they shall be owners of the accou	-
32			with right of survivorship as provided in G.S. 54B-	
33			by the association to the owners or any of the own	
34			discharge of the association's obligation as to the ar	
35			b. If only one beneficiary is living and that benefici	
36			age at the death of the last surviving owner, the	
37			transfer the funds in the account to the general gu	-
38			of the estate, if any, of the minor beneficiary. If n	
39			minor beneficiary has been appointed, the associa	
40			funds in a similar interest bearing account in the r	
41			until the minor reaches the age of majority or unti	I a duly appointed
42		( )	guardian withdraws the funds.	.1 1 11 1 1
43		(5)	If the beneficiary is an entity other than a natural person,	there shall be only
44 45		$(\mathbf{C})$	one beneficiary.	2
45 46		<u>(6)</u>	If one or more owners survive the last surviving benef	-
46 47			natural person, or if a beneficiary who is an entity other that	•
47 19			should cease to exist before the death of the owner, the acc	
48			an individual account of the owner, or a joint account of the owner, or a joint account of the owners, and shall have the legal	
49 50			survivorship of the owners, and shall have the legal	
50 51			individual account in a case of a single owner or a joint account in a case of a single owner or a joint account in the case of a	
51			survivorship, as provided in G.S. 54B-129, in the case of n	iumple owners.

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<u>(7)</u>	Prior to the death of the last surviving owner, no benefi	ciary shall have any
	ownership interest in a Payable on Death account. Fur	•
	Death account established pursuant to this subsection	
	beneficiary or beneficiaries upon the death of the last s	
	the funds shall be subject only to the personal repre-	-
	collection as set forth in G.S. 28A-15-10(a)(1). Paymen	
	of funds in the Payable on Death account to the benefic	
	shall terminate the personal representative's	authority under
	G.S. 28A-15-10(a)(1) to collect against the association for	or the funds so paid,
	but the personal representative's authority to collect s	uch funds from the
	beneficiary or beneficiaries is not terminated.	
The natural	person or natural persons establishing an account under t	this subsection shall
sign a statemer	nt containing language set forth in a conspicuous manne	er and substantially
	anguage set out below; the language may be on a sign	
-	he account that is set out in a separate document whose rece	eipt is acknowledged
by the person of	persons establishing the account:	
	<u>'SAVINGS AND LOAN (or name of institution)</u>	
	PAYABLE ON DEATH ACCOUNT	
T	<u>G.S. 54B-130A</u>	1 .1 ••
	derstand that by establishing a Payable on Death account in	under the provisions
	<u>ha General Statute 54B-130A that:</u>	inthe more with des
<u>1.</u>	During my (or our) lifetime I (or we), individually or jo	muy, may withuraw
n	the money in the account. By written direction to the association (or name of in	stitution) I (or wa)
<u>2.</u>	individually or jointly, may change the beneficiary or be	
<u>3.</u>	Upon my (or our) death the money remaining in the acc	
<u>.</u>	the beneficiary or beneficiaries, and the money will not	
	(or our) heirs or be controlled by will.	
<u>(b)</u> <u>This</u>	section shall not be deemed exclusive. Deposit accounts no	ot conforming to this
section shall be	governed by other applicable provisions of the General Stat	tutes or the common
law, as appropri		
	addition to such accounts, nor any withdrawal, paym	
	ll affect the nature of such accounts as Payable on Death ac	ccounts or affect the
	ner to terminate the account.	
	section does not repeal or modify any provisions of law	vs relating to estate
taxes."		
	<b>TION 3.</b> G.S. 54C-166 is repealed and a new G.S. 54C	-166A is enacted to
read:		
	Payable on Death (POD) accounts.	
	y natural person or natural persons establishing a deposit a	
	nent with the savings bank containing a statement that it is a finite containing a statement that it is the	-
*	f this section and providing for the account to be held in the	
	al persons as owner or owners for one or more beneficiar	
any balance the following incide	preof shall be held as a Payable on Death account. The accounts:	count snan nave the
	Any owner during the owner's lifetime may chan	ine any designated
<u>(1)</u>	beneficiary by a written direction to the savings bank.	ige any designated
(2)	If there are two or more owners of a Payable on Death	account the owners
<u>(2)</u>	shall own the account as joint tenants with right of surv	
	shan own the account as joint tenants with right of surv	<u>roisinp and, creept</u>

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1		as otherwise provided in this section, the account sh	hall have the incidents set
2		forth in G.S. 54C-165.	
3	<u>(3)</u>	Any owner may withdraw funds by writing checks	or otherwise, as set forth
4		in the account contract, and receive payment in cas	h or check payable to the
5		owner's personal order.	
6	<u>(4)</u>	If the beneficiary or beneficiaries are natural personal	ons, there may be one or
7		more beneficiaries and the following shall apply:	
8		<u>a.</u> <u>If only one beneficiary is living and of leg</u>	al age at the death of the
9		last surviving owner, the beneficiary sha	all be the owner of the
10		account, and payment by the savings bank	· · · · · · · · · · · · · · · · · · ·
11		total discharge of the savings bank's obligation	<b>▲</b>
12		If two or more beneficiaries are living	
13		surviving owner, they shall be owners of th	
14		with right of survivorship as provided in G.	± •
15		by the savings bank to the owners or any	
16		total discharge of the savings bank's obligati	1
17		b. If only one beneficiary is living and that b	
18		age at the death of the last surviving owne	
19 20		transfer the funds in the account to the gen	
20 21		of the estate, if any, of the minor beneficia	
21		minor beneficiary has been appointed, the sa	
22		<u>funds in a similar interest bearing account</u> until the minor reaches the age of majority	· · · · · · · · · · · · · · · · · · ·
23 24		guardian withdraws the funds.	or until a dury appointed
24	(5)	If the beneficiary is an entity other than a natural p	person there shall be only
26	<u>(5)</u>	one beneficiary.	erson, mere shan be omy
27	<u>(6)</u>	If one or more owners survive the last surviving	beneficiary who was a
28	<u>(0)</u>	natural person, or if a beneficiary who is an entity of	
29		should cease to exist before the death of the owner,	
30		an individual account of the owner, or a joint	
31		survivorship of the owners, and shall have the	
32		individual account in a case of a single owner or a j	-
33		survivorship, as provided in G.S. 54C-165, in the ca	ase of multiple owners.
34	<u>(7)</u>	Prior to the death of the last surviving owner, no b	eneficiary shall have any
35		ownership interest in a Payable on Death account	t. Funds in a Payable on
36		Death account established pursuant to this subsec	ction shall belong to the
37		beneficiary or beneficiaries upon the death of the	last surviving owner, and
38		the funds shall be subject only to the personal	
39		collection as set forth in G.S. 28A-15-10(a)(1). Pay	
40		of funds in the Payable on Death account to the be	
41		shall terminate the personal representati	-
42		G.S. 28A-15-10(a)(1) to collect against the saving	
43		paid, but the personal representative's authority to	collect such funds from
44	<b>T</b> I 1	the beneficiary or beneficiaries is not terminated.	
45	-	person or natural persons establishing an account un	
46		t containing language set forth in a conspicuous r	•
47 48		inguage set out below; the language may be on a	
48 49		e account that is set out in a separate document whose persons establishing the account:	e receipt is acknowledged
49 50	by the person of	<u>'SAVINGS BANK (or name of institution)</u>	
50 51		PAYABLE ON DEATH ACCOUNT	
51		FATABLE ON DEATH ACCOUNT	

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1		<u>G.S. 54C-166A</u>	
2	I (or we) un	derstand that by establishing a Payable on l	Death account under the provisions
3	of North Carolin	a General Statute 54C-166A that:	
4	<u>1.</u>	During my (or our) lifetime I (or we), ind	dividually or jointly, may withdraw
5		the money in the account.	
6	<u>2.</u>	By written direction to the savings bank	
7		individually or jointly, may change the be	
8	<u>3.</u>	Upon my (or our) death the money rema	
9		the beneficiary or beneficiaries, and the	money will not be inherited by my
10		(or our) heirs or be controlled by will.	
11			
12			
13		section shall not be deemed exclusive. Depo	
14		governed by other applicable provisions of t	the General Statutes or the common
15	law, as appropri		
16		addition to such accounts, nor any with	· · · ·
17		Il affect the nature of such accounts as Paya	ble on Death accounts or affect the
18		er to terminate the account.	
19 20		section does not repeal or modify any pr	ovisions of laws relating to estate
20 21	taxes."	TION 4 C S 54 100 57 is repealed and a	C = 54,100,574 is expected to
21 22	read:	<b>TION 4.</b> G.S. 54-109.57 is repealed and a	new G.S. 54-109.57A is enacted to
22		Poveble on Death (POD) accounts	
23 24		Payable on Death (POD) accounts. es may be issued to and deposits received	from any natural parson or natural
24 25		hing an account who shall execute a writte	• •
23 26	*	atement that it is executed pursuant to the	
20 27		e account to be held in the name of the na	-
28	-	s for one or more beneficiaries. Such accou	
20 29		e on Death account. The account shall have	
30	<u>(1)</u>	Any owner during the owner's lifeti	
31	(1)	beneficiary by a written direction to the cr	
32	<u>(2)</u>	If there are two or more owners of a Pay	
33	<u>\_/</u>	shall own the account as joint tenants wi	
34		as otherwise provided in this section, the	
35		forth in G.S. 54-109.58.	
36	<u>(3)</u>	Any owner may withdraw funds by writing	ng checks or otherwise, as set forth
37	<u></u>	in the account contract, and receive paym	•
38		owner's personal order.	<u> </u>
39	<u>(4)</u>	If the beneficiary or beneficiaries are na	tural persons, there may be one or
40		more beneficiaries and the following shall	± •
41			and of legal age at the death of the
42			iciary shall be the owner of the
43			dit union to such owner shall be a
44		total discharge of the credit union	's obligation as to the amount paid.
45		-	e living at the death of the last
46			vners of the account as joint tenants
47			provided in G.S. 54-109.58, and
48		payment by the credit union to the	e owners or any of the owners shall
49		be a total discharge of the credit	union's obligation as to the amount
50		paid.	

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1		<u>b.</u>	If only one beneficiary is living and that b	peneficiary is not of legal
2		<u></u>	age at the death of the last surviving own	
3			transfer the funds in the account to the gen	
4			of the estate, if any, of the minor beneficia	
5			minor beneficiary has been appointed, the c	• •
6			funds in a similar interest bearing account	
7				
8			until the minor reaches the age of majority	of until a dury appointed
o 9	(5)	If the	guardian withdraws the funds.	anon them shall be only
	<u>(5)</u>		beneficiary is an entity other than a natural p	berson, there shall be only
10			eneficiary.	1 (* * 1
11	<u>(6)</u>		e or more owners survive the last surviving	
12			l person, or if a beneficiary who is an entity of	
13			d cease to exist before the death of the owner,	
14			dividual account of the owner, or a join	•
15			orship of the owners, and shall have th	-
16			dual account in a case of a single owner or a j	
17			orship, as provided in G.S. 54-109.58, in the	
18	<u>(7)</u>		to the death of the last surviving owner, no b	
19			ship interest in a Payable on Death accoun	
20		Death	account established pursuant to this subse	ction shall belong to the
21		benef	ciary or beneficiaries upon the death of the	last surviving owner, and
22		-	inds shall be subject only to the personal	
23		collec	tion as set forth in G.S. 28A-15-10(a)(1). Pay	yment by the credit union
24		<u>of fur</u>	ds in the Payable on Death account to the be	eneficiary or beneficiaries
25		shall	terminate the personal representati	ve's authority under
26		<u>G.S.</u> 2	8A-15-10(a)(1) to collect against the credi	t union for the funds so
27		<u>paid,</u>	but the personal representative's authority to	collect such funds from
28		the be	neficiary or beneficiaries is not terminated.	
29	The natural p	person o	or natural persons establishing an account up	nder this subsection shall
30			ning language set forth in a conspicuous 1	
31	similar to the la	inguage	set out below; the language may be on a	signature card or in an
32	explanation of th	e accou	nt that is set out in a separate document whose	e receipt is acknowledged
33	by the person or	persons	establishing the account:	
34			'CREDIT UNION (or name of institution)	
35			PAYABLE ON DEATH ACCOUNT	
36			<u>G.S. 54-109.57A</u>	
37	I (or we) und	lerstand	that by establishing a Payable on Death acc	ount under the provisions
38	of North Carolina	a Gener	al Statute 54-109.57A that:	
39	<u>1.</u>	Durin	g my (or our) lifetime I (or we), individually	or jointly, may withdraw
40		the m	oney in the account.	
41	<u>2.</u>	<u>By</u> w	ritten direction to the credit union (or name	of institution) I (or we),
42		indivi	dually or jointly, may change the beneficiary	or beneficiaries.
43	<u>3.</u>	Upon	my (or our) death the money remaining in the	he account will belong to
44		the be	neficiary or beneficiaries, and the money wi	ll not be inherited by my
45		<u>(or ou</u>	r) heirs or be controlled by will.	
46				
47				
48	(b) This s	section s	hall not be deemed exclusive. Deposit account	nts not conforming to this
49			by other applicable provisions of the Genera	
50	law, as appropria	te.		

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1	(c) No addition to such accounts, nor any withdrawal, payment, or change of	f
2	beneficiary, shall affect the nature of such accounts as Payable on Death accounts or affect the	<u>)</u>
3	right of any owner to terminate the account.	
4	(d) This section does not repeal or modify any provisions of laws relating to estate	)
5	taxes."	
6	SECTION 5. This act becomes effective October 1, 2011, and applies to	)
7	agreements executed on or after that date. Agreements executed prior to October 1, 2011,	,

8 remain subject to the laws in effect at the time the parties executed the agreement.