

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 686

Short Title: Payable on Death Accounts. (Public)

Sponsors: Representative Hastings (Primary Sponsor).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Banking.

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 G.S. 53-146.2 is repealed and a new G.S. 53-146.2A is enacted to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 (a) If any natural person or natural persons establishing a deposit account shall execute
10 a written agreement with the bank containing a statement that it is executed pursuant to the
11 provisions of this section and providing for the account to be held in the name of the natural
12 person or natural persons as owner or owners for one or more beneficiaries, the account and
13 any balance thereof shall be held as a Payable on Death account. If one or more beneficiaries
14 are natural persons, the account shall have the following incidents:

15 (1) Any owner during the owner's lifetime may change any designated
16 beneficiary by a written direction to the bank.

17 (2) If there are two or more owners of a Payable on Death account, the owners
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 (3) Any owner may withdraw funds by writing checks or otherwise, as set forth
22 in the account contract, and receive payment in cash or check payable to the
23 owner's personal order.

24 (4) If only one beneficiary is living and of legal age at the death of the last
25 surviving owner, the beneficiary shall be the owner of the account, and
26 payment by the bank to such owner shall be a total discharge of the bank's
27 obligation as to the amount paid. If two or more beneficiaries are living at
28 the death of the last surviving owner, they shall be owners of the account as
29 joint tenants with right of survivorship as provided in G.S. 53-146.1, and
30 payment by the bank to the owners or any of the owners shall be a total
31 discharge of the bank's obligation as to the amount paid.

32 (5) If one or more owners survive the last surviving beneficiary, the account
33 shall become an individual account of the owner, or a joint account with
34 right of survivorship of the owners, and shall have the legal incidents of an



1 individual account in the case of a single owner or a joint account with right
 2 of survivorship, as provided in G.S. 53-146.1, in the case of multiple owners.
 3 (6) If only one beneficiary is living and that beneficiary is not of legal age at the
 4 death of the last surviving owner, the bank shall transfer the funds in the
 5 account to the general guardian or guardian of the estate, if any, of the minor
 6 beneficiary. If no guardian of the minor beneficiary has been appointed, the
 7 bank shall hold the funds in a similar interest bearing account in the name of
 8 the minor until the minor reaches the age of majority or until a duly
 9 appointed guardian withdraws the funds.

10 (7) Prior to the death of the last surviving owner, no beneficiary shall have any
 11 ownership interest in a Payable on Death account. Funds in a Payable on
 12 Death account established pursuant to this subsection shall belong to the
 13 beneficiary or beneficiaries upon the death of the last surviving owner, and
 14 the funds shall be subject only to the personal representative's right of
 15 collection as set forth in G.S. 28A-15-10(a)(1). Payment by the bank of
 16 funds in the Payable on Death account to the beneficiary or beneficiaries
 17 shall terminate the personal representative's authority under
 18 G.S. 28A-15-10(a)(1) to collect against the bank for the funds so paid, but
 19 the personal representative's authority to collect such funds from the
 20 beneficiary or beneficiaries is not terminated.

21 The natural person or natural persons establishing an account under this subsection shall
 22 sign a statement containing language set forth in a conspicuous manner and substantially
 23 similar to the following:

24 'BANK (or name of institution)
 25 PAYABLE ON DEATH ACCOUNT
 26 G.S. 53-146.2A

27 I (or we) understand that by establishing a Payable on Death account under the provisions
 28 of North Carolina General Statute 53-146.2A that:

- 29 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw
 30 the money in the account.
- 31 2. By written direction to the bank (or name of institution) I (or we),
 32 individually or jointly, may change the beneficiary or beneficiaries.
- 33 3. Upon my (or our) death the money remaining in the account will belong to
 34 the beneficiary or beneficiaries and the money will not be inherited by my
 35 (or our) heirs or be controlled by will.

36 _____,
 37 _____,
 38 (b) If any natural person or natural persons establishing a deposit account shall execute
 39 a written agreement with the bank containing a statement that it is executed pursuant to the
 40 provisions of this section and providing for the account to be held in the name of the natural
 41 person or natural persons as owner or owners for one or more beneficiaries, the account and
 42 any balance thereof shall be held as a Payable on Death account. If the beneficiary is an entity
 43 other than a natural person, the account shall have the same incidents as set forth in subsection
 44 (a) of this section, except for subdivisions (4), (5), and (6). In addition, the following shall
 45 apply if the beneficiary is an entity other than a natural person:

- 46 (1) There shall only be one beneficiary.
- 47 (2) If the beneficiary should cease to exist before the death of the last owner, the
 48 account shall become an individual account of the owner, or a joint account
 49 with right of survivorship of the owners, and shall have the legal incidents of
 50 an individual account in the case of a single owner or a joint account with

right of survivorship, as provided in G.S. 53-146.1, in the case of multiple owners.

The natural person or natural persons establishing an account under this subsection shall sign a statement containing language set forth in a conspicuous manner and substantially similar to the following:

'BANK (or name of institution)
PAYABLE ON DEATH ACCOUNT
G.S. 53-146.2A

I (or we) understand that by establishing a Payable on Death account under the provisions of North Carolina General Statute 53-146.2A that:

1. During my (or our) lifetime I (or we), individually or jointly, may withdraw the money in the account.
2. By written direction to the bank (or name of institution) I (or we), individually or jointly, may change the beneficiary or beneficiaries.
3. Upon my (or our) death the money remaining in the account will belong to the beneficiary or beneficiaries and the money will not be inherited by my (or our) heirs or be controlled by will.

(c) This section shall not be deemed exclusive. Deposit accounts not conforming to this section shall be governed by other applicable provisions of the General Statutes or the common law, as appropriate.

(d) No addition to such accounts, nor any withdrawal, payment, or change of beneficiary, shall affect the nature of such accounts as Payable on Death accounts or affect the right of any owner to terminate the account.

(e) This section does not repeal or modify any provisions of laws relating to estate taxes."

SECTION 2. G.S. 54B-130 is repealed and a new G.S. 54B-130A is enacted to read:

"§ 54B-130A. Payable on Death (POD) accounts.

(a) If any natural person or natural persons establishing a deposit account shall execute a written agreement with the association 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 person or natural persons as owner or owners for one or more beneficiaries, the account and any balance thereof shall be held as a Payable on Death account. If one or more beneficiaries are natural persons, the account shall have the following incidents:

- (1) Any owner during the owner's lifetime may change any designated beneficiary by a written direction to the association.
- (2) If there are two or more owners of a Payable on Death account, the owners shall own the account as joint tenants with right of survivorship and, except as otherwise provided in this section, the account shall have the incidents set forth in G.S. 54B-129.
- (3) Any owner may withdraw funds by writing checks or otherwise, as set forth in the account contract, and receive payment in cash or check payable to the owner's personal order.
- (4) If only one beneficiary is living and of legal age at the death of the last surviving owner, the beneficiary shall be the owner of the account, and payment by the association to such owner shall be a total discharge of the association's obligation as to the amount paid. If two or more beneficiaries are living at the death of the last surviving owner, they shall be owners of the account as joint tenants with right of survivorship as provided in

G.S. 54B-129, and payment by the association to the owners or any of the owners shall be a total discharge of the association's obligation as to the amount paid.

(5) If one or more owners survive the last surviving beneficiary, the account shall become an individual account of the owner, or a joint account with right of survivorship of the owners, and shall have the legal incidents of an individual account in the case of a single owner or a joint account with right of survivorship, as provided in G.S. 54B-129, in the case of multiple owners.

(6) If only one beneficiary is living and that beneficiary is not of legal age at the death of the last surviving owner, the association shall transfer the funds in the account to the general guardian or guardian of the estate, if any, of the minor beneficiary. If no guardian of the minor beneficiary has been appointed, the association shall hold the funds in a similar interest bearing account in the name of the minor until the minor reaches the age of majority or until a duly appointed guardian withdraws the funds.

(7) Prior to the death of the last surviving owner, no beneficiary shall have any ownership interest in a Payable on Death account. Funds in a Payable on Death account established pursuant to this subsection shall belong to the beneficiary or beneficiaries upon the death of the last surviving owner, and the funds shall be subject only to the personal representative's right of collection as set forth in G.S. 28A-15-10(a)(1). Payment by the association of funds in the Payable on Death account to the beneficiary or beneficiaries shall terminate the personal representative's authority under G.S. 28A-15-10(a)(1) to collect against the association for the funds so paid, but the personal representative's authority to collect such funds from the beneficiary or beneficiaries is not terminated.

The natural person or natural persons establishing an account under this subsection shall sign a statement containing language set forth in a conspicuous manner and substantially similar to the following:

'SAVINGS AND LOAN (or name of institution)
PAYABLE ON DEATH ACCOUNT
G.S. 54B-130A

I (or we) understand that by establishing a Payable on Death account under the provisions of North Carolina General Statute 54B-130A that:

1. During my (or our) lifetime I (or we), individually or jointly, may withdraw the money in the account.
2. By written direction to the association (or name of institution) I (or we), individually or jointly, may change the beneficiary or beneficiaries.
3. Upon my (or our) death the money remaining in the account will belong to the beneficiary or beneficiaries and the money will not be inherited by my (or our) heirs or be controlled by will.

(b) If any natural person or natural persons establishing a deposit account shall execute a written agreement with the association 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 person or natural persons as owner or owners for one or more beneficiaries, the account and any balance thereof shall be held as a Payable on Death account. If the beneficiary is an entity other than a natural person, the account shall have the same incidents as set forth in subsection (a) of this section, except for subdivisions (4), (5) and (6). In addition, the following shall apply if the beneficiary is an entity other than a natural person:

- 1 (1) There shall only be one beneficiary.
2 (2) If the beneficiary should cease to exist before the death of the last owner, the
3 account shall become an individual account of the owner, or a joint account
4 with right of survivorship of the owners, and shall have the legal incidents of
5 an individual account in the case of a single owner or a joint account with
6 right of survivorship, as provided in G.S. 54B-129, in the case of multiple
7 owners.

8 The natural person or natural persons establishing an account under this subsection shall
9 sign a statement containing language set forth in a conspicuous manner and substantially
10 similar to the following:

11 'SAVINGS AND LOAN (or name of institution)
12 PAYABLE ON DEATH ACCOUNT
13 G.S. 54B-130A

14 I (or we) understand that by establishing a Payable on Death account under the provisions
15 of North Carolina General Statute 54B-130A that:

- 16 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw
17 the money in the account.
18 2. By written direction to the association (or name of institution) I (or we),
19 individually or jointly, may change the beneficiary or beneficiaries.
20 3. Upon my (or our) death the money remaining in the account will belong to
21 the beneficiary or beneficiaries and the money will not be inherited by my
22 (or our) heirs or be controlled by will.

23
24
25 (c) This section shall not be deemed exclusive. Deposit accounts not conforming to this
26 section shall be governed by other applicable provisions of the General Statutes or the common
27 law, as appropriate.

28 (d) No addition to such accounts, nor any withdrawal, payment, or change of
29 beneficiary, shall affect the nature of such accounts as Payable on Death accounts or affect the
30 right of any owner to terminate the account.

31 (e) This section does not repeal or modify any provisions of laws relating to estate
32 taxes."

33 **SECTION 3.** G.S. 54C-166 is repealed and a new G.S. 54C-166A is enacted to
34 read:

35 "**§ 54C-130A. Payable on Death (POD) accounts.**

36 (a) If any natural person or natural persons establishing a deposit account shall execute
37 a written agreement with the savings bank containing a statement that it is executed pursuant to
38 the provisions of this section and providing for the account to be held in the name of the natural
39 person or natural persons as owner or owners for one or more beneficiaries, the account and
40 any balance thereof shall be held as a Payable on Death account. If one or more beneficiaries
41 are natural persons, the account shall have the following incidents:

- 42 (1) Any owner during the owner's lifetime may change any designated
43 beneficiary by a written direction to the savings bank.
44 (2) If there are two or more owners of a Payable on Death account, the owners
45 shall own the account as joint tenants with right of survivorship and, except
46 as otherwise provided in this section, the account shall have the incidents set
47 forth in G.S. 54C-165.
48 (3) Any owner may withdraw funds by writing checks or otherwise, as set forth
49 in the account contract, and receive payment in cash or check payable to the
50 owner's personal order.

- (4) If only one beneficiary is living and of legal age at the death of the last surviving owner, the beneficiary shall be the owner of the account, and payment by the savings bank to such owner shall be a total discharge of the savings bank's obligation as to the amount paid. If two or more beneficiaries are living at the death of the last surviving owner, they shall be owners of the account as joint tenants with right of survivorship as provided in G.S. 54C-165, and payment by the savings bank to the owners or any of the owners shall be a total discharge of the savings bank's obligation as to the amount paid.
- (5) If one or more owners survive the last surviving beneficiary, the account shall become an individual account of the owner, or a joint account with right of survivorship of the owners, and shall have the legal incidents of an individual account in the case of a single owner or a joint account with right of survivorship, as provided in G.S. 54C-165, in the case of multiple owners.
- (6) If only one beneficiary is living and that beneficiary is not of legal age at the death of the last surviving owner, the savings bank shall transfer the funds in the account to the general guardian or guardian of the estate, if any, of the minor beneficiary. If no guardian of the minor beneficiary has been appointed, the savings 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 or until a duly appointed guardian withdraws the funds.
- (7) Prior to the death of the last surviving owner, no beneficiary shall have any ownership interest in a Payable on Death account. Funds in a Payable on Death account established pursuant to this subsection shall belong to the beneficiary or beneficiaries upon the death of the last surviving owner, and the funds shall be subject only to the personal representative's right of collection as set forth in G.S. 28A-15-10(a)(1). Payment by the savings bank of funds in the Payable on Death account to the beneficiary or beneficiaries shall terminate the personal representative's authority under G.S. 28A-15-10(a)(1) to collect against the savings bank for the funds so paid, but the personal representative's authority to collect such funds from the beneficiary or beneficiaries is not terminated.

The natural person or natural persons establishing an account under this subsection shall sign a statement containing language set forth in a conspicuous manner and substantially similar to the following:

'SAVINGS BANK (or name of institution)
PAYABLE ON DEATH ACCOUNT
G.S. 54C-166A

I (or we) understand that by establishing a Payable on Death account under the provisions of North Carolina General Statute 54C-166A that:

- 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw the money in the account.
- 2. By written direction to the savings bank (or name of institution) I (or we), individually or jointly, may change the beneficiary or beneficiaries.
- 3. Upon my (or our) death the money remaining in the account will belong to the beneficiary or beneficiaries and the money will not be inherited by my (or our) heirs or be controlled by will.

(b) If any natural person or natural persons establishing a deposit account shall execute a written agreement with the savings bank containing a statement that it is executed pursuant to

1 the provisions of this section and providing for the account to be held in the name of the natural
 2 person or natural persons as owner or owners for one or more beneficiaries, the account and
 3 any balance thereof shall be held as a Payable on Death account. If the beneficiary is an entity
 4 other than a natural person, the account shall have the same incidents as set forth in subsection
 5 (a) of this section except for subdivisions (4), (5), and (6). In addition, the following shall apply
 6 if the beneficiary is an entity other than a natural person:

7 (1) There shall only be one beneficiary.

8 (2) If the beneficiary should cease to exist before the death of the last owner, the
 9 account shall become an individual account of the owner, or a joint account
 10 with right of survivorship of the owners, and shall have the legal incidents of
 11 an individual account in the case of a single owner or a joint account with
 12 right of survivorship, as provided in G.S. 54C-165, in the case of multiple
 13 owners.

14 The natural person or natural persons establishing an account under this subsection shall
 15 sign a statement containing language set forth in a conspicuous manner and substantially
 16 similar to the following:

17 'SAVINGS AND LOAN (or name of institution)
 18 PAYABLE ON DEATH ACCOUNT
 19 G.S. 54C-166A

20 I (or we) understand that by establishing a Payable on Death account under the provisions
 21 of North Carolina General Statute 54C-166A that:

- 22 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw
 23 the money in the account and.
- 24 2. By written direction to the savings bank (or name of institution) I (or we),
 25 individually or jointly, may change the beneficiary or beneficiaries.
- 26 3. Upon my (or our) death the money remaining in the account will belong to
 27 the beneficiary or beneficiaries and the money will not be inherited by my
 28 (or our) heirs or be controlled by will.

29 _____
 30 _____
 31 (c) This section shall not be deemed exclusive. Deposit accounts not conforming to this
 32 section shall be governed by other applicable provisions of the General Statutes or the common
 33 law, as appropriate.

34 (d) No addition to such accounts, nor any withdrawal, payment, or change of
 35 beneficiary, shall affect the nature of such accounts as Payable on Death accounts or affect the
 36 right of any owner to terminate the account.

37 (e) This section does not repeal or modify any provisions of laws relating to estate
 38 taxes."

39 **SECTION 4.** G.S. 54-109.57 is repealed and a new G.S. 54-109.57A is enacted to
 40 read:

41 **"§ 54-109.57A. Payable on Death (POD) accounts.**

42 (a) Shares may be issued to and deposits received from any natural person or natural
 43 persons establishing an account who shall execute a written agreement with the credit union
 44 containing a statement that it is executed pursuant to the provisions of this section and
 45 providing for the account to be held in the name of the natural person or natural persons as
 46 owner or owners for one or more beneficiaries. Such account and any balance thereof shall be
 47 held as a Payable on Death account. If one or more beneficiaries are natural persons, the
 48 account shall have the following incidents:

- 49 (1) Any owner during the owner's lifetime may change any designated
 50 beneficiary by a written direction to the credit union.

- 1 (2) If there are two or more owners of a Payable on Death account, the owners
2 shall own the account as joint tenants with right of survivorship and, except
3 as otherwise provided in this section, the account shall have the incidents set
4 forth in G.S. 54-109.58.
- 5 (3) Any owner may withdraw funds by writing checks or otherwise, as set forth
6 in the account contract, and receive payment in cash or check payable to the
7 owner's personal order.
- 8 (4) If only one beneficiary is living and of legal age at the death of the last
9 surviving owner, the beneficiary shall be the owner of the account, and
10 payment by the credit union to such owner shall be a total discharge of the
11 credit union's obligation as to the amount paid. If two or more beneficiaries
12 are living at the death of the last surviving owner, they shall be owners of the
13 account as joint tenants with right of survivorship as provided in
14 G.S. 54-109.58, and payment by the credit union to the owners or any of the
15 owners shall be a total discharge of the credit union's obligation as to the
16 amount paid.
- 17 (5) If one or more owners survive the last surviving beneficiary, the account
18 shall become an individual account of the owner, or a joint account with
19 right of survivorship of the owners, and shall have the legal incidents of an
20 individual account in the case of a single owner or a joint account with right
21 of survivorship, as provided in G.S. 54-109.58, in the case of multiple
22 owners.
- 23 (6) If only one beneficiary is living and that beneficiary is not of legal age at the
24 death of the last surviving owner, the credit union shall transfer the funds in
25 the account to the general guardian or guardian of the estate, if any, of the
26 minor beneficiary. If no guardian of the minor beneficiary has been
27 appointed, the credit union shall hold the funds in a similar interest bearing
28 account in the name of the minor until the minor reaches the age of majority
29 or until a duly appointed guardian withdraws the funds.
- 30 (7) Prior to the death of the last surviving owner, no beneficiary shall have any
31 ownership interest in a Payable on Death account. Funds in a Payable on
32 Death account established pursuant to this subsection shall belong to the
33 beneficiary or beneficiaries upon the death of the last surviving owner, and
34 the funds shall be subject only to the personal representative's right of
35 collection as set forth in G.S. 28A-15-10(a)(1). Payment by the credit union
36 of funds in the Payable on Death account to the beneficiary or beneficiaries
37 shall terminate the personal representative's authority under
38 G.S. 28A-15-10(a)(1) to collect against the credit union for the funds so
39 paid, but the personal representative's authority to collect such funds from
40 the beneficiary or beneficiaries is not terminated.

41 The natural person or natural persons establishing an account under this subsection shall
42 sign a statement containing language set forth in a conspicuous manner and substantially
43 similar to the following:

44 'CREDIT UNION (or name of institution)
45 PAYABLE ON DEATH ACCOUNT
46 G.S. 54-109.57A

47 I (or we) understand that by establishing a Payable on Death account under the provisions
48 of North Carolina General Statute 54-109.57A that:

- 49 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw
50 the money in the account.

- 2. By written direction to the credit union (or name of institution) I (or we), individually or jointly, may change the beneficiary or beneficiaries.
- 3. Upon my (or our) death the money remaining in the account will belong to the beneficiary or beneficiaries and the money will not be inherited by my (or our) heirs or be controlled by will.

(b) Shares may be issued to and deposits received from any natural person or natural persons establishing an account who shall execute a written agreement with the credit union 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 person or natural persons as owner or owners for one or more beneficiaries. Such account and any balance thereof shall be held as a Payable on Death account. If the beneficiary is an entity other than a natural person, the account shall have the same incidents as set forth in subsection (a) of this section, except for subdivisions (4), (5), and (6). In addition, the following shall apply if the beneficiary is an entity other than a natural person:

- (1) There shall only be one beneficiary.
- (2) If the beneficiary should cease to exist before the death of the last owner, the account shall become an individual account of the owner, or a joint account with right of survivorship of the owners, and shall have the legal incidents of an individual account in the case of a single owner or a joint account with right of survivorship, as provided in G.S. 54-109.58, in the case of multiple owners.

The natural person or natural persons establishing an account under this subsection shall sign a statement containing language set forth in a conspicuous manner and substantially similar to the following:

'CREDIT UNION (or name of institution)
PAYABLE ON DEATH ACCOUNT
G.S. 54-109.57A

I (or we) understand that by establishing a Payable on Death account under the provisions of North Carolina General Statute 54-109.57A that:

- 1. During my (or our) lifetime I (or we), individually or jointly, may withdraw the money in the account.
- 2. By written direction to the credit union (or name of institution) I (or we), individually or jointly, may change the beneficiary or beneficiaries.
- 3. Upon my (or our) death the money remaining in the account will belong to the beneficiary or beneficiaries and the money will not be inherited by my (or our) heirs or be controlled by will.

(c) This section shall not be deemed exclusive. Deposit accounts not conforming to this section shall be governed by other applicable provisions of the General Statutes or the common law, as appropriate.

(d) No addition to such accounts, nor any withdrawal, payment, or change of beneficiary, shall affect the nature of such accounts as Payable on Death accounts or affect the right of any owner to terminate the account.

(e) This section does not repeal or modify any provisions of laws relating to estate taxes."

SECTION 5. This act becomes effective October 1, 2011.