

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 686  
Committee Substitute Favorable 5/23/11

Short Title: Payable on Death Accounts.

(Public)

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 G.S. 53-146.2 is repealed, and a new G.S. 53-146.2A is enacted to  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 (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. The account shall have the  
14 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 the beneficiary or beneficiaries are natural persons, there may be one or  
25 more beneficiaries and the following shall apply:

26 a. If only one beneficiary is living and of legal age at the death of the  
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  
32 survivorship as provided in G.S. 53-146.1, and payment by the bank  
33 to the owners or any of the owners shall be a total discharge of the  
34 bank's obligation as to the amount paid.

35 b. If only one beneficiary is living and that beneficiary is not of legal  
36 age at the death of the last surviving owner, the bank shall transfer  
37 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 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.

(5) If the beneficiary is an entity other than a natural person, there shall be only one beneficiary.

(6) If one or more owners survive the last surviving beneficiary who was a natural person, or if a beneficiary who is an entity other than a natural person should cease to exist before the death of the 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 a 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.

(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 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 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 language set out below; the language may be on a signature card or in an explanation of the account that is set out in a separate document whose receipt is acknowledged by the person or persons establishing the account:

'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.

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(b) 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.

(c) 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.

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

3 **SECTION 2.** G.S. 54B-130 is repealed and a new G.S. 54B-130A is enacted to  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

5 **"§ 54B-130A. Payable on Death (POD) accounts.**

6 (a) If any natural person or natural persons establishing a deposit account shall execute  
7 a written agreement with the association containing a statement that it is executed pursuant to  
8 the provisions of this section and providing for the account to be held in the name of the natural  
9 person or natural persons as owner or owners for one or more beneficiaries, the account and  
10 any balance thereof shall be held as a Payable on Death account. The account shall have the  
11 following incidents:

12 (1) Any owner during the owner's lifetime may change any designated  
13 beneficiary by a written direction to the association.

14 (2) If there are two or more owners of a Payable on Death account, the owners  
15 shall own the account as joint tenants with right of survivorship and, except  
16 as otherwise provided in this section, the account shall have the incidents set  
17 forth in G.S. 54B-129.

18 (3) Any owner may withdraw funds by writing checks or otherwise, as set forth  
19 in the account contract, and receive payment in cash or check payable to the  
20 owner's personal order.

21 (4) If the beneficiary or beneficiaries are natural persons, there may be one or  
22 more beneficiaries and the following shall apply:

23 a. If only one beneficiary is living and of legal age at the death of the  
24 last surviving owner, the beneficiary shall be the owner of the  
25 account, and payment by the association to such owner shall be a  
26 total discharge of the association's obligation as to the amount paid.  
27 If two or more beneficiaries are living at the death of the last  
28 surviving owner, they shall be owners of the account as joint tenants  
29 with right of survivorship as provided in G.S. 54B-129, and payment  
30 by the association to the owners or any of the owners shall be a total  
31 discharge of the association's obligation as to the amount paid.

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

40 (5) If the beneficiary is an entity other than a natural person, there shall be only  
41 one beneficiary.

42 (6) If one or more owners survive the last surviving beneficiary who was a  
43 natural person, or if a beneficiary who is an entity other than a natural person  
44 should cease to exist before the death of the owner, the account shall become  
45 an individual account of the owner, or a joint account with right of  
46 survivorship of the owners, and shall have the legal incidents of an  
47 individual account in a case of a single owner or a joint account with right of  
48 survivorship, as provided in G.S. 54B-129, in the case of multiple owners.

49 (7) Prior to the death of the last surviving owner, no beneficiary shall have any  
50 ownership interest in a Payable on Death account. Funds in a Payable on  
51 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 language set out below; the language may be on a signature card or in an explanation of the account that is set out in a separate document whose receipt is acknowledged by the person or persons establishing the account:

'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) 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.

(c) 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.

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

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

**"§ 54C-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 savings 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 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. 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 savings bank.
- (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. 54C-165.

- 1           (3)    Any owner may withdraw funds by writing checks or otherwise, as set forth  
2           in the account contract, and receive payment in cash or check payable to the  
3           owner's personal order.
- 4           (4)    If the beneficiary or beneficiaries are natural persons, there may be one or  
5           more beneficiaries and the following shall apply:
- 6           a.     If only one beneficiary is living and of legal age at the death of the  
7           last surviving owner, the beneficiary shall be the owner of the  
8           account, and payment by the savings bank to such owner shall be a  
9           total discharge of the savings bank's obligation as to the amount paid.  
10          If two or more beneficiaries are living at the death of the last  
11          surviving owner, they shall be owners of the account as joint tenants  
12          with right of survivorship as provided in G.S. 54C-165, and payment  
13          by the savings bank to the owners or any of the owners shall be a  
14          total discharge of the savings bank's obligation as to the amount paid.
- 15          b.     If only one beneficiary is living and that beneficiary is not of legal  
16          age at the death of the last surviving owner, the savings bank shall  
17          transfer the funds in the account to the general guardian or guardian  
18          of the estate, if any, of the minor beneficiary. If no guardian of the  
19          minor beneficiary has been appointed, the savings bank shall hold the  
20          funds in a similar interest bearing account in the name of the minor  
21          until the minor reaches the age of majority or until a duly appointed  
22          guardian withdraws the funds.
- 23          (5)    If the beneficiary is an entity other than a natural person, there shall be only  
24          one beneficiary.
- 25          (6)    If one or more owners survive the last surviving beneficiary who was a  
26          natural person, or if a beneficiary who is an entity other than a natural person  
27          should cease to exist before the death of the owner, the account shall become  
28          an individual account of the owner, or a joint account with right of  
29          survivorship of the owners, and shall have the legal incidents of an  
30          individual account in a case of a single owner or a joint account with right of  
31          survivorship, as provided in G.S. 54C-165, in the case of multiple owners.
- 32          (7)    Prior to the death of the last surviving owner, no beneficiary shall have any  
33          ownership interest in a Payable on Death account. Funds in a Payable on  
34          Death account established pursuant to this subsection shall belong to the  
35          beneficiary or beneficiaries upon the death of the last surviving owner, and  
36          the funds shall be subject only to the personal representative's right of  
37          collection as set forth in G.S. 28A-15-10(a)(1). Payment by the savings bank  
38          of funds in the Payable on Death account to the beneficiary or beneficiaries  
39          shall terminate the personal representative's authority under  
40          G.S. 28A-15-10(a)(1) to collect against the savings bank for the funds so  
41          paid, but the personal representative's authority to collect such funds from  
42          the beneficiary or beneficiaries is not terminated.

43           The natural person or natural persons establishing an account under this subsection shall  
44           sign a statement containing language set forth in a conspicuous manner and substantially  
45           similar to the language set out below; the language may be on a signature card or in an  
46           explanation of the account that is set out in a separate document whose receipt is acknowledged  
47           by the person or persons establishing the account:

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

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

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

10 \_\_\_\_\_,  
11 \_\_\_\_\_,  
12 (b) This section shall not be deemed exclusive. Deposit accounts not conforming to this  
13 section shall be governed by other applicable provisions of the General Statutes or the common  
14 law, as appropriate.

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

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

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

22 **"§ 54-109.57A. Payable on Death (POD) accounts.**

23 (a) Shares may be issued to and deposits received from any natural person or natural  
24 persons establishing an account who shall execute a written agreement with the credit union  
25 containing a statement that it is executed pursuant to the provisions of this section and  
26 providing for the account to be held in the name of the natural person or natural persons as  
27 owner or owners for one or more beneficiaries. Such account and any balance thereof shall be  
28 held as a Payable on Death account. The account shall have the following incidents:

- 29 (1) Any owner during the owner's lifetime may change any designated  
30 beneficiary by a written direction to the credit union.
- 31 (2) If there are two or more owners of a Payable on Death account, the owners  
32 shall own the account as joint tenants with right of survivorship and, except  
33 as otherwise provided in this section, the account shall have the incidents set  
34 forth in G.S. 54-109.58.
- 35 (3) Any owner may withdraw funds by writing checks or otherwise, as set forth  
36 in the account contract, and receive payment in cash or check payable to the  
37 owner's personal order.
- 38 (4) If the beneficiary or beneficiaries are natural persons, there may be one or  
39 more beneficiaries and the following shall apply:
  - 40 a. If only one beneficiary is living and of legal age at the death of the  
41 last surviving owner, the beneficiary shall be the owner of the  
42 account, and payment by the credit union to such owner shall be a  
43 total discharge of the credit union's obligation as to the amount paid.  
44 If two or more beneficiaries are living at the death of the last  
45 surviving owner, they shall be owners of the account as joint tenants  
46 with right of survivorship as provided in G.S. 54-109.58, and  
47 payment by the credit union to the owners or any of the owners shall  
48 be a total discharge of the credit union's obligation as to the amount  
49 paid.
  - 50 b. If only one beneficiary is living and that beneficiary is not of legal  
51 age at the death of the last surviving owner, the credit union 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 credit union 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.

(5) If the beneficiary is an entity other than a natural person, there shall be only one beneficiary.

(6) If one or more owners survive the last surviving beneficiary who was a natural person, or if a beneficiary who is an entity other than a natural person should cease to exist before the death of the 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 a 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.

(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 credit union 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 credit union 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 language set out below; the language may be on a signature card or in an explanation of the account that is set out in a separate document whose receipt is acknowledged by the person or persons establishing the account:

'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.

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(b) 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.

(c) 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.

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

3           **SECTION 5.** This act becomes effective October 1, 2011, and applies to  
4 agreements executed on or after that date. Agreements executed prior to October 1, 2011,  
5 remain subject to the laws in effect at the time the parties executed the agreement.