STATE OF NEW YORK

1578

2023-2024 Regular Sessions

IN ASSEMBLY

January 17, 2023

Introduced by M. of A. WALLACE -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to establishing joint and survivorship accounts; and repealing certain provisions of such law relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The banking law is amended by adding a new section 675-a to read as follows:

§ 675-a. Joint accounts; joint and survivorship accounts. 1. Join accounts. (a) When a deposit of cash, securities, or other property has been made or shall hereafter be made in or with any banking organization or foreign banking corporation transacting business in this state, or shares shall have been already issued or shall be hereafter issued, in any savings and loan association or credit union transacting business in this state, in the name of such depositor or shareholder and another person and in form to be paid or delivered to either, or the survivor of them, such deposit or shares and any additions thereto or accruals thereon may be paid or delivered to either during the lifetime of both, and such payment or delivery and the receipt or acquittance of the one to whom such payment or delivery is made, shall be a valid and sufficient release and discharge to the banking organization for all payments or deliveries made on account of such deposit or shares prior to the receipt by the banking organization of notice in writing signed by either one of such persons, not to pay or deliver such deposit or shares and the additions and accruals thereon in accordance with the terms thereof, and after receipt of any such notice, the banking organization may require the receipt or acquittance of both such persons for any further payments or delivery.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision, the making of such deposit or the issuance of such shares in such

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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form shall not affect the title to such deposit or shares, which shall remain in the depositor, and the depositor shall not be considered to have made a gift of any part of the deposit or of any additions thereto or accruals thereon to the other person.

(c) If an addition is made to such an account by anyone other than the depositor, such an addition and accruals thereon shall be considered to have been made by the depositor.

(d) On the death of the other person during the lifetime of the depositor the payment or delivery to the depositor of any or all of the funds remaining in the account shall be a valid and sufficient release to the banking organization.

2. Joint and survivorship accounts. On the death of the depositor of an account established under subdivision one of this section during the lifetime of the other person, the funds remaining in the account shall pass either to the other person by right of survivorship or as part of the depositor's estate, in accordance with the written designation of the depositor made upon the establishment of the account. If the depositor dies without having designated the depositor's intention, the depositor shall be treated as having designated the intention that the remaining funds pass as part of the depositor's estate. If the depositor has designated the intention that the remaining funds pass as part of the depositor's estate, (a) payment or delivery to the other person of any or all of the funds remaining in the account shall still be a valid and sufficient release to the banking organization if made prior to the receipt by the banking organization of written notice of the depositor's death, and (b) a banking organization which, prior to service upon it of a restraining order, injunction or other appropriate process from a court of competent jurisdiction prohibiting payment, makes payment to the executor, administrator or other qualified representative of the deceased depositor's estate, shall, to the extent of such payment, be released from liability to any person claiming a right to the funds and the receipt or acquittance of the executor, administrator or qualified representative to whom payment is made shall be a valid and sufficient release and discharge of the banking organization. If the depositor has indicated the intention that the remaining funds pass to the other person by right of survivorship, payment or delivery to the other person of any or all of the funds remaining in the account shall be a valid and sufficient release to the banking organization if made prior to service upon it of a restraining order, injunction or other appropriate process from a court of competent jurisdiction prohibiting such payment.

3. Regulations of the superintendent. (a) The superintendent shall promulgate and may from time to time amend rules and regulations which require that the depositor of a joint account under this section be informed of the terms and conditions of the account, including the relationship and consequences between the parties in the account and the responsibilities of the institution with which the account is established.

(b) This subdivision or any rule or regulation thereunder shall not be deemed or construed as increasing or diminishing the rights or liability of any person or entity.

4. Application. The provisions of this section shall apply to accounts established on or after the effective date of this section.

§ 2. Section 675 of the banking law is amended by adding a new subdivision (d) to read as follows:

(d) Notwithstanding any provision of law to the contrary, the provisions of this section shall apply only to accounts opened prior to

the effective date of section six hundred seventy-five-a of this article.

§ 3. Section 678 of the banking law is REPEALED.

§ 4. Section 679 of the banking law, as added by chapter 432 of the laws of 2018, is renumbered section 678 and is amended to read as follows:

§ 678. Public awareness; banking services. The superintendent shall conduct a public awareness campaign to educate consumers on different banking services available in the state, particularly those that can assist vulnerable adults in financial planning, including, but not limited to, citizens of an advanced age, individuals with cognitive or developmental disabilities, or those who have health or physical issues that impair their financial independence. The public awareness campaign shall include information regarding the differences between types of accounts, including joint [~~and convenience~~] accounts **and joint and survivorship accounts**, as well as the rights and responsibilities generally recognized for each. The public awareness campaign shall also include, but not be limited to, answers to general concerns and questions that individuals may have with respect to the establishment of certain types of accounts and services, as well as information and recommendations for obtaining more information.

§ 5. This act shall take effect on the thirtieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.