

STATE OF NEW YORK

9230

IN ASSEMBLY

February 20, 2024

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 multiple-person accounts; and to repeal certain provisions of such law relating thereto

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

1 Section 1. Section 675 of the banking law is amended by adding a new
2 subdivision (d) to read as follows:

3 (d) This section shall only apply to accounts established for a business purpose.

4
5 § 2. Section 678 of the banking law is REPEALED and a new section 678
6 is added to read as follows:

7 § 678. Multiple-person accounts; personal account ownership and
8 payment. 1. Definitions. Notwithstanding any other provisions of law,
9 for the purposes of this section:

10 (a) "Account" means a contract of deposit between one or more account
11 owners and a bank.

12 (b) "Account owner" means a person who, by the terms of an account,
13 has a present right, subject to request, to payment from the account
14 other than a beneficiary or authorized signer.

15 (c) "Account selection forms" means, together, the Single-Owner
16 Account Selection Form and the Multiple-Owner Account Selection Form.

17 (d) "Authorized signer" means a person authorized to make account
18 transactions for the convenience of an account owner but who does not
19 own the account and has no beneficial right to sums on deposit.

20 (e) "Authorized signer designation" means the designation of an
21 authorized signer in an account payable on request to one or more
22 account owners.

23 (f) "Beneficiary" means a person named as one to whom sums on deposit
24 in an account are payable on request after the death of all account
25 owners.

26 (g) "Contract of deposit" means a written document establishing the
27 terms of an account between a bank and one or more account owners.

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

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1 (h) "Devisee" means any person designated in a will to receive a
2 testamentary disposition of real or personal property.

3 (i) "Heirs" means those persons, including surviving spouses, who are
4 entitled under the statutes of intestate succession to the property of a
5 decedent.

6 (j) "Multiple-owner account" means an account payable on request to
7 two or more account owners.

8 (k) "Multiple-Owner Account Selection Form" means the following
9 contract of deposit establishing the terms of a multiple-owner account
10 in the following form, or a substantially equivalent form in the account
11 owners' primary language, in fourteen-point type, published by the
12 department, whether in physical or electronic written form:

13 MULTIPLE-OWNER ACCOUNT SELECTION FORM

14 THIS IS AN IMPORTANT LEGAL DOCUMENT. THE SELECTIONS BELOW WILL DETERMINE
15 WHO OWNS THE FUNDS IN THIS ACCOUNT AND HOW SUCH FUNDS WILL PASS UPON THE
16 DEATH OF AN ACCOUNT OWNER. YOU MAY WISH TO CONSULT AN ATTORNEY.

17 MULTIPLE-OWNER ACCOUNT: This section must be completed upon creating or
18 changing the terms of an account that is owned by more than one person.

19 I. ACCOUNT OWNERS. List the names of the persons who own the funds in
20 the account. Account owners own a share of the funds equal to the sum of
21 their deposits minus their withdrawals. The bank is not responsible for
22 determining each owner's share and may pay funds to anyone listed as an
23 account owner.

24 1.

25 2.

26 3.

27 II. AUTHORIZED SIGNER(S). Any account owner may (but need not) desig-
28 nate one or more persons as an "authorized signer." Authorized signers
29 do not own the account funds but may make transactions for the conven-
30 ience of an account owner. Authorized signers have no right to take
31 possession of or personally use account funds. The bank may pay funds
32 to anyone listed as an authorized signer while any account owner lives.

33 1.

34 2.

35 III. DISPOSITION OF FUNDS UPON DEATH. Account owners must specify how
36 account funds should pass upon the death of an account owner:

37 A. Upon the death of an account owner, should such owner's funds
38 pass to the other surviving account owner(s)?

39 NO. Upon my death, my funds should pass according to my estate.

40 YES. Upon my death, my funds should pass to the surviving account
41 owner(s).

42 B. If you answered "YES," choose one of the following options:

1 Upon the death of the last surviving account owner, the funds should
2 pass to such owner's estate.

3 Upon the death of the last surviving account owner, the funds should
4 pass (equally) to the following person(s):

5 1.

6 2.

7 SIGNATURE BLOCK AND NOTARIZATION

8 ACCOUNT OWNERS AND AUTHORIZED SIGNER(S) MUST SIGN AND DATE BELOW. PLEASE
9 NOTARIZE THIS DOCUMENT TO ENSURE ITS VALIDITY IF IT HAS NOT BEEN
10 COMPLETED AT A BANK.

11 By signing below, I acknowledge that I have reviewed each section of
12 this form and understand the ownership rights associated with the
13 account selections above. I have marked the type of account I want.

14 Account Owner Signature(s) _____ Date
15 _____
16 _____
17 _____

18 By signing below, I acknowledge that I have read each paragraph of this
19 form and have received disclosure of the ownership rights to the account
20 selections listed above. I understand that as an authorized signer, I do
21 not own the funds in the account and have no right to such funds after
22 the death of an account owner.

23 Authorized Signer Signature(s) _____ Date
24 _____
25 _____
26 _____

27 (l) "Multiple-person account" means (1) any multiple-owner account or
28 (2) a single-owner account with an authorized signer designation, bene-
29 ficiary designation, or both.

30 (m) "Net contribution" means the sum of deposits made by or on behalf
31 of an account owner less withdrawals made by or on behalf of such
32 account owner which have not been paid to or applied to the use of
33 another account owner and a proportionate share of any charges deducted
34 from the account, plus a proportionate share of any interest or divi-
35 dends earned, whether or not included in the current balance. The term
36 includes deposit life insurance proceeds added to the account by reason
37 of death of the account owner whose net contribution is in question.

38 (n) "Payment on death (POD) designation" means the designation of a
39 beneficiary in an account payable on request to one or more account
40 owners during their lifetimes and, on the death of the account owner or
41 owners, to one or more beneficiaries.

42 (o) "Payment of sums on deposit" or "payment" means withdrawal or
43 payment to an account owner, authorized signer or third person author-
44 ized by the account owner to make transactions pursuant to check or
45 other request.

1 (p) "Person" means an individual, a corporation, organization, or
2 other legal entity.

3 (q) "Personal representative" means executor, administrator, successor
4 personal representative, special administrator, and persons who perform
5 substantially the same function under the law governing their status.

6 (r) "Receive", as it relates to notice to a bank, means receipt in the
7 office or branch office of the bank in which the account is established.

8 (s) "Request" means a request for payment complying with all terms of
9 the account, including special requirements concerning necessary signa-
10 tures and regulation of the bank.

11 (t) "Single-owner account" means an account payable on request to one
12 account owner.

13 (u) "Sums on deposit" means the balance payable on the account,
14 including interest and dividends earned, whether or not included in the
15 current balance and any deposit life insurance proceeds added to the
16 account by reason of death of an account owner.

17 (v) "Single-Owner Account Selection Form" means the following contract
18 of deposit establishing the terms of a single-owner account in the
19 following form, or a substantially equivalent form in the account
20 owner's primary language, in fourteen-point type, published by the
21 department, whether in physical or electronic written form:

22 SINGLE-OWNER ACCOUNT SELECTION FORM

23 THIS IS AN IMPORTANT LEGAL DOCUMENT. THE SELECTIONS BELOW WILL DETERMINE
24 WHO OWNS THE FUNDS IN THIS ACCOUNT AND HOW SUCH FUNDS WILL PASS UPON THE
25 DEATH OF THE ACCOUNT OWNER. YOU MAY WISH TO CONSULT AN ATTORNEY.

26 SINGLE-OWNER ACCOUNT: This form must be completed upon creating or
27 changing the terms of an account that is owned by only one person.

28 I. ACCOUNT OWNER. List the name of the person who owns the funds in
29 this account.

30 1.

31 II. AUTHORIZED SIGNER(S). The account owner may (but need not) desig-
32 minate one or more persons as an "authorized signer." Authorized signers
33 do not own the account funds but may make transactions for the conven-
34 ience of the account owner. Authorized signers have no right to take
35 possession of or personally use account funds. The bank may pay funds to
36 anyone listed as an authorized signer while the account owner lives.

37 1.

38 2.

39 III. DISPOSITION OF FUNDS UPON DEATH. The account owner must choose
40 how the account funds should pass upon their death:

41 Upon my death, the funds should pass according to my estate.

42 Upon my death, the funds should pass (equally) to the following
43 person(s):

44 1.

2.

SIGNATURE BLOCK AND NOTARIZATION

ACCOUNT OWNERS AND AUTHORIZED SIGNERS MUST SIGN AND DATE BELOW. PLEASE NOTARIZE THIS DOCUMENT TO ENSURE ITS VALIDITY IF IT HAS NOT BEEN COMPLETED AT A BANK.

By signing below, I acknowledge that I have reviewed each section of this form and understand the ownership rights associated with the account selections above. I have marked the type of account I want.

Account Owner Signature _____ Date _____

By signing below, I acknowledge that I have reviewed each section of this form and understand the ownership rights associated with the account selections above. I understand that as an authorized signer, I do not own the funds in the account and have no right to such funds after the death of an account owner.

Authorized Signer(s) Signature _____ Date _____

(w) "Terms of the account" includes the deposit agreement, including the Account Selection Forms, and other terms and conditions of the contract of deposit.

2. Scope of section. This section shall:

(a) Apply to multiple-person and single-owner accounts in New York state established for personal use.

(b) Not affect the law governing tenancy by the entireties.

(c) Not apply to:

(i) An account established for a partnership, joint venture, or other organization for a business purpose;

(ii) An account controlled by one or more persons as an agent or trustee for a corporation, unincorporated association, or charitable or civic organization; or

(iii) A fiduciary or trust account in which the relationship is established other than by the terms of the account.

3. Types of accounts. (a) A bank may enter a contract of deposit to establish a single-owner account or a multiple-owner account, and may provide for one or more POD designations, one or more authorized signer designations, or both in each type of account. A multiple-owner account may be with or without a right of survivorship between the other account owners.

(b) An account established after the effective date of this section shall be considered either a single-owner account or a multiple-owner account, with or without the right of survivorship, with or without one or more POD designations, and with or without one or more authorized signer designations.

4. Administration of account selection forms. (a) Account selection forms shall establish the type of account provided, and such accounts shall be governed by the provisions of this act applicable to such account type.

(b) The Single-Owner Account Selection Form shall be administered by the bank upon the establishment of a single-owner account with a POD designation, authorized signer designation, or both, and thereafter if

1 the account owner or owners change the terms of such single-owner
2 account.

3 (c) The Multiple-Owner Account Selection Form shall be administered by
4 the bank upon the establishment of a multiple-owner account and there-
5 after if the account owners change the terms of such multiple-owner
6 account.

7 (d) All account owners on a multiple-owner account must agree in writ-
8 ing to any change in the terms of an account relating to account owner-
9 ship, survivorship rights, authorized signers, and beneficiaries using
10 the applicable account selection form.

11 (e) The account selection forms shall be notarized by a notary public
12 unless completed at a bank or filed electronically pursuant to article
13 three of the state technology law and shall comply with other state laws
14 and regulations.

15 (f) Each bank subject to this section shall maintain the appropriate
16 account selection form or forms for each single or multiple-owner
17 account so long as the account is open and for a period of six years
18 after it is closed.

19 5. Designation of authorized signer or beneficiary. (a) In a single-
20 owner account, the account owner may use the Single-Owner Account
21 Selection Form to designate a person or persons other than an account
22 owner as an authorized signer or beneficiary.

23 (b) In a multiple-owner account, account owners may use the Multiple-
24 Owner Account Selection Form to designate a person or persons other than
25 an account owner as an authorized signer or beneficiary for all account
26 owners on an account. All account owners must consent to any authorized
27 signer or POD designation in writing using the Multiple-Owner Account
28 Selection Form.

29 (c) Unless there is clear and convincing evidence of a different
30 intent, the authorized signer's authority shall survive disability and
31 incapacity. The authorized signer may act for a disabled or incapaci-
32 tated account owner until the authority of the authorized signer is
33 terminated.

34 (d) Death of the sole account owner or last surviving account owner
35 shall terminate the authority of an authorized signer.

36 6. Account ownership during lifetime. (a) In a multiple-owner account,
37 during the lifetimes of all account owners, an account belongs to the
38 account owners in proportion to the net contribution of each to the sums
39 on deposit, unless there is clear and convincing evidence of a different
40 intent. In the absence of proof otherwise, the net contribution of each
41 is presumed to be an equal amount.

42 (b) A beneficiary in an account having a POD designation shall have no
43 beneficial right to sums on deposit during the lifetime of any account
44 owner.

45 (c) An authorized signer shall have no beneficial right to sums on
46 deposit.

47 7. Rights at death. (a) Rights at death of an account owner are
48 determined by the terms of the account at the time of such account
49 owner's death.

50 (b) A transfer resulting from the application of this section shall be
51 effective by reason of the terms of the account involved and this
52 section and is not testamentary or subject to estate administration.

53 (c) Unless all the account owners have indicated a preference for the
54 right of survivorship on the Multiple-Owner Account Selection Form, or
55 there is clear and convincing evidence of a different intent, upon the

1 death of an account owner, sums on deposit in a multiple-owner account
2 shall pass to the estate of such deceased account owner.

3 (d) If two or more account owners survive, and all account owners have
4 indicated a preference for the right of survivorship on the Multiple-
5 Owner Account Selection Form, unless there is clear and convincing
6 evidence of a different intent, the amount to which the decedent, imme-
7 diately before death, was beneficially entitled, pursuant to subdivision
8 six of this section, shall belong to the surviving account owners in
9 equal shares, and augments the proportion to which each survivor, imme-
10 diately before the decedent's death, was beneficially entitled to pursu-
11 ant to such subdivision, and the right of survivorship continues between
12 the surviving account owners.

13 (e) In an account with a POD designation:

14 (i) On death of one of two or more account owners, the rights to sums
15 on deposit are governed by paragraph (c) or (d) of this subdivision.

16 (ii) On death of the sole account owner or the last survivor of two or
17 more account owners, sums on deposit belong to the surviving beneficiary
18 or beneficiaries. If two or more beneficiaries survive, sums on deposit
19 belong to them in equal and undivided shares, and there shall be no
20 right of survivorship in the event of death of a beneficiary thereafter.
21 If no beneficiary survives, sums on deposit belong to the estate of the
22 last surviving account owner.

23 (iii) Sums on deposit in a single-owner account without a POD desig-
24 nation, or in a multiple-owner account that, by the terms of the
25 account, is without right of survivorship, are not affected by the death
26 of an account owner, but the amount to which the decedent, immediately
27 before death, was beneficially entitled, pursuant to subdivision six of
28 this section, is transferred as part of the decedent's estate. A POD
29 designation in a multiple-owner account without the right of survivor-
30 ship shall be ineffective.

31 (iv) The ownership rights of a surviving account owner or beneficiary,
32 or of the decedent's estate, in sums on deposit is subject to request
33 for payment made by an account owner before the account owner's death,
34 whether paid by the bank before or after death, or unpaid, the surviving
35 account owner or beneficiary, or the decedent's estate, is liable to the
36 payee of an unpaid request for payment. The liability is limited to a
37 proportionate share of the amount transferred under this section, to the
38 extent necessary to discharge the request for payment.

39 8. Alteration of rights. (a) An account owner may alter the terms of
40 the account by completing a new account selection form for such account
41 and submitting it to the bank. To be effective, all account owners must
42 consent to the alteration in writing using the appropriate account
43 selection form, and the notice must be received by the bank during an
44 account owner's lifetime.

45 (b) A right of survivorship arising from the express terms of the
46 account, established pursuant to subdivision seven of this section, or a
47 POD designation, may not be altered by will.

48 9. Payment on multiple-owner accounts. A bank, on request, may pay
49 sums on deposit in a multiple-owner account to:

50 (a) one or more of the account owners, whether or not another account
51 owner is disabled, incapacitated, or deceased when payment is requested
52 and whether or not the account owner making the request survives another
53 account owner; or

54 (b) the personal representative, if any, or, if there is none, the
55 heirs or devisees of a deceased account owner if proof of death is
56 presented to the bank showing that the deceased account owner was the

1 survivor of all other persons named on the account either as an account
2 owner or beneficiary, unless the account is without right of survivor-
3 ship pursuant to subdivision seven of this section.

4 10. Payment to authorized signer. A bank, on request, may pay sums on
5 deposit in an account with an authorized signer designation to such
6 authorized signer whether or not an account owner is disabled, incapacitated,
7 or deceased when the request is made or received, and whether or
8 not the authority of the authorized signer terminates on the disability
9 or incapacity of an account owner.

10 11. Payment on POD designation. A bank, on request, may pay sums on
11 deposit in an account with a POD designation to:

12 (a) one or more of the account owners, whether or not another account
13 owner is disabled, incapacitated, or deceased when the payment is
14 requested and whether or not an account owner survives another account
15 owner;

16 (b) the beneficiary or beneficiaries, if proof of death is presented
17 to the bank showing that the beneficiary or beneficiaries survived all
18 account owners; or

19 (c) the personal representative, if any, or, if there is none, the
20 heirs or devisees of a deceased account owner, if proof of death is
21 presented to the bank showing that the deceased account owner was the
22 survivor of all other persons named on the account either as account
23 owner or beneficiary.

24 12. Discharge of bank from liability. (a) Payment made pursuant to
25 this section in accordance with the terms of the account or the Account
26 Selection Forms discharges the bank from all claims for amounts so paid,
27 whether or not the payment is consistent with the beneficial account
28 ownership of the account as between account owners, beneficiaries, or
29 their successors. Payment may be made whether or not an account owner,
30 beneficiary, or authorized signer is disabled, incapacitated, or
31 deceased when payment is requested, received, or made.

32 (b) Protection under this section does not extend to payments made
33 after a bank has received written notice from an account owner, or from
34 the personal representative, surviving spouse, heir, or devisee of a
35 deceased account owner, to the effect that payments in accordance with
36 the terms of the account, including one having an authorized signer
37 designation, should not be permitted, and the bank has had a reasonable
38 opportunity to act on it when the payment is made. Unless the notice is
39 withdrawn by the person giving it, the successor of any deceased account
40 owner must concur in a request for payment if the bank is to be
41 protected under this section. Unless a bank has been served with process
42 in an action or proceeding, no other notice or other information shown
43 to have been available to the bank affects its right to protection under
44 this section.

45 (c) A bank that receives written notice pursuant to this section or
46 otherwise has reason to believe that a dispute exists as to the rights
47 of the account owners may refuse, without liability, to make payments in
48 accordance with the terms of the account. A bank need not inquire as to
49 the source of a deposit to an account or as to the proposed application
50 of a payment from an account.

51 (d) Protection of a bank under this section does not affect the rights
52 of account owners in disputes between themselves or their successors
53 concerning the ownership of sums on deposit in accounts or payments made
54 from accounts.

55 (e) Beneficial account ownership as between account owners or as
56 between account owners and beneficiaries apply only to controversies

1 between those persons and their creditors and other successors, and do
2 not apply the right of those persons to payment as determined by the
3 terms of the account.

4 13. Existing accounts. Each bank shall, for each multiple-person
5 account established before the effective date of this section, notify
6 the account owners of such accounts about the requirement to submit an
7 Account Selection Form within one year from the effective date of this
8 act. Such bank shall provide each account owner with the appropriate
9 Account Selection Form as part of such notice. Such notice may be
10 executed by mail or, if authorized by account owner or owners, electron-
11 ically. If the bank has not received an Account Selection Form from an
12 account owner within six months of the effective date of this act, the
13 bank shall provide a second notice.

14 14. Regulations of the superintendent. The superintendent shall
15 promulgate and may from time to time amend rules and regulations which
16 require that the account owner or owners of a multiple-person account
17 under this section be informed of the terms and conditions of the
18 account, including the relationship and consequences between the persons
19 associated with the account, the differences between account types, and
20 the responsibilities of the institution with which the account is estab-
21 lished.

22 15. Severability clause. If any provision of this act or its applica-
23 tion to any person or circumstance is held invalid, the invalidity does
24 not affect other provisions or application of this act which can be
25 given effect without the invalid provision or application, and to this
26 end the provisions of this act are severable.

27 § 3. Section 679 of the banking law, as added by chapter 432 of the
28 laws of 2018, is amended to read as follows:

29 § 679. Public awareness; banking services. The superintendent shall
30 conduct a public awareness campaign to educate consumers on different
31 banking services available in the state, particularly those that can
32 assist vulnerable adults in financial planning, including, but not
33 limited to, citizens of an advanced age, individuals with cognitive or
34 developmental disabilities, or those who have health or physical issues
35 that impair their financial independence. The public awareness campaign
36 shall include information regarding the differences between types of
37 accounts, including joint and [~~convenience~~] multiple-person accounts, as
38 well as the rights and responsibilities generally recognized for each.
39 The public awareness campaign shall also include, but not be limited to,
40 answers to general concerns and questions that individuals may have with
41 respect to the establishment of certain types of accounts and services,
42 as well as information and recommendations for obtaining more informa-
43 tion.

44 § 4. This act shall take effect on the one hundred eightieth day after
45 it shall have become a law. Effective immediately, the addition, amend-
46 ment and/or repeal of any rule or regulation necessary for the implemen-
47 tation of this act on its effective date are authorized to be made and
48 completed on or before such effective date.