

STATE OF NEW YORK

9383

IN SENATE

May 14, 2024

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed 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 not apply to accounts established in New York
4 state for personal use.

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 Section 678 of the banking law is REPEALED and a new section 678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) "Administer" means, in connection with the account signature card,
13 a bank offering the account signature card to one or more account owners
14 upon establishing or changing the terms of a single-owner or multiple-
15 person account and providing information to help such account owner or
16 owners to understand and complete such account signature card; provided
17 however, that nothing in this section shall be construed to require bank
18 personnel to provide legal or estate planning advice to an account owner
19 or owners pursuant to this section.

20 (c) "Account owner" means a person who, by the terms of an account,
21 has a present right, subject to request, to payment from the account
22 other than an authorized signer.

23 (d) "Account signature card" means the following contract of deposit
24 establishing the terms of a single-owner or multiple-person account in
25 the following form, or a substantially equivalent form in the account
26 owner's primary language, in fourteen-point type, published by the

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

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1 department of financial services, whether in physical or electronic
2 written form:

3 ACCOUNT SIGNATURE CARD

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

7 I. ACCOUNT OWNER(S). Identify the account owner or owners.

8 Each account owner's share of the account funds is equal to their
9 deposits minus their withdrawals. The bank is not responsible for deter-
10 mining shares and may pay funds to any identified account owner.

11 1. _____

12 2. _____

13 3. _____

14 II. AUTHORIZED SIGNER(S). Identify the authorized signer or signers
15 (optional).

16 The account owner or owners may (but need not) designate one or more
17 "authorized signers" to make account transactions for their convenience.
18 An authorized signer has no right to take possession of account funds or
19 use such funds for personal benefit. While any account owner lives, the
20 bank may pay funds to any identified authorized signer.

21 1. _____

22 2. _____

23 3. _____

24 III. DISPOSITION OF ACCOUNT WITH MULTIPLE OWNERS UPON DEATH.

25 Only answer the following question if the account has more than one
26 owner. Should a deceased account owner's share of the account funds pass
27 to the other surviving account owner or owners?

28 _____ NO. A deceased account owner's share of the account funds should
29 be disposed of as part of such owner's estate.

30 _____ YES. A deceased account owner's share of the account funds should
31 pass to the surviving account owner or owners.

32 Signature Block and Notarization

33 Account owner(s) and authorized signer(s) MUST SIGN AND DATE BELOW. Any
34 signature below must be acknowledged before a notary public to ensure
35 its validity if this signature card has not been administered by a bank.

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

1 Account Owner Signature _____ Date _____

2 By signing below, I acknowledge that I have reviewed each section of
3 this form and understand the ownership rights associated with the
4 account selections above. As an authorized signer, I understand that I
5 do not own the funds in this account and have no right to use such funds
6 for my personal benefit or to take possession of such funds upon an
7 account owner's death.

8 Authorized Signer(s) Signature _____ Date _____

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

12 (f) "Authorized signer designation" means the designation of an
13 authorized signer in an account payable on request to one or more
14 account owners.

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

17 (h) "Distributee" means a distributee as defined in section 1-2.5 of
18 the estates, powers and trusts law.

19 (i) "Multiple-owner account" means an account payable on request to
20 two or more account owners.

21 (j) "Multiple-person account" means (1) any multiple-owner account or
22 (2) a single-owner account with an authorized signer designation.

23 (k) "Net contribution" means the sum of deposits made by or on behalf
24 of an account owner less withdrawals made by or on behalf of such
25 account owner which have not been paid to or applied to the use of
26 another account owner and a proportionate share of any charges deducted
27 from the account, plus a proportionate share of any interest or divi-
28 dends earned, whether or not included in the current balance. Such term
29 includes any deposit of life insurance proceeds added to the account by
30 reason of death of the account owner whose net contribution is in ques-
31 tion.

32 (l) "Payment of sums on deposit" or "payment" means withdrawal or
33 payment to an account owner, authorized signer or third person author-
34 ized by the account owner to make transactions pursuant to request.

35 (m) "Person" means an individual, a corporation, organization, or
36 other legal entity.

37 (n) "Personal representative" means a personal representative as
38 defined in section 2-1.13 of the estates, powers and trusts law.

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

41 (p) "Request" means a request for payment complying with all terms of
42 the account and account signature card, including special requirements
43 concerning necessary signatures and regulation of the bank.

44 (q) "Single-owner account" means an account payable on request to one
45 account owner.

46 (r) "Sums on deposit" means the balance payable on the account,
47 including interest and dividends earned, whether or not included in the
48 current balance and any deposit of life insurance proceeds added to the
49 account by reason of death of an account owner.

50 (s) "Terms of the account" means the contract of deposit, including
51 the account signature card, and any other terms and conditions of the
52 deposit agreement.

1 (t) "Testamentary beneficiary" means a testamentary beneficiary as
2 defined in section 1-2.18 of the estates, powers and trusts law.

3 2. Scope of section. (a) This section shall apply to multiple-person
4 and single-owner accounts established in New York state for personal
5 use.

6 (b) This section shall not apply to:

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

9 (ii) An account controlled by one or more persons as an agent or trus-
10 tee for a corporation, unincorporated association, or charitable or
11 civic organization; or

12 (iii) A fiduciary or trust account in which the relationship is estab-
13 lished other than by the terms of the account.

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

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

23 4. Administration of account signature card. (a) The account signature
24 card shall establish the type of account provided, and such accounts
25 shall be governed by the provisions of this section applicable to such
26 account type.

27 (b) The account signature card shall be administered by the bank upon
28 the establishment of an account and thereafter if the account owner or
29 owners change the terms of such account.

30 (c) All account owners on a multiple-owner account must agree in writ-
31 ing to any change in the terms of an account relating to account owner-
32 ship, survivorship rights, and authorized signers designations using the
33 account signature card.

34 (d) The account signature card shall be signed and acknowledged before
35 a notary public unless administered by a bank or filed electronically
36 pursuant to section one hundred thirty-five-c of the executive law and
37 article three of the state technology law and shall comply with other
38 state laws and regulations.

39 (e) Each bank subject to this section shall maintain the account
40 signature card for each account as long as such account remains open and
41 for a period of no less than six years after it is closed.

42 5. Designation of authorized signer. (a) The account owner or owners
43 may use the account signature card to designate a person or persons
44 other than an account owner as an authorized signer.

45 (b) In a multiple-owner account, all account owners must consent to
46 any authorized signer designation in writing using the account signature
47 card.

48 (c) Unless there is clear and convincing evidence of a different
49 intent, an authorized signer's authority shall survive the disability or
50 incapacity of an account owner. The authorized signer may act for a
51 disabled or incapacitated account owner until the authority of the
52 authorized signer is terminated.

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

55 6. Account ownership during lifetime. (a) In a multiple-owner account,
56 during the lifetimes of all account owners, an account belongs to the

1 account owners in proportion to the net contribution of each to the sums
2 on deposit, unless there is clear and convincing evidence of a different
3 intent. In the absence of proof otherwise, the net contribution of each
4 is presumed to be an equal amount.

5 (b) An authorized signer shall have no beneficial right to sums on
6 deposit.

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

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

13 (c) Unless all the account owners have indicated a preference for the
14 right of survivorship on the account signature card, or there is clear
15 and convincing evidence of a different intent, upon the death of an
16 account owner, sums on deposit in a multiple-owner account shall be
17 disposed of as part of the estate of such deceased account owner.

18 (d) If two or more account owners survive, and all account owners have
19 indicated a preference for the right of survivorship on the account
20 signature card, unless there is clear and convincing evidence of a
21 different intent, the amount to which the decedent, immediately before
22 death, was beneficially entitled, pursuant to subdivision six of this
23 section, shall belong to the surviving account owners in equal shares,
24 and augments the proportion to which each survivor, immediately before
25 the decedent's death, was beneficially entitled to pursuant to such
26 subdivision, and the right of survivorship continues between the surviv-
27 ing account owners.

28 (e) Sums on deposit in a single-owner account or a multiple-owner
29 account that, by the terms of the account, is without right of survivor-
30 ship, are not affected by the death of an account owner, but the amount
31 to which the decedent, immediately before death, was beneficially enti-
32 tled, pursuant to subdivision six of this section, is transferred as
33 part of the decedent's estate.

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

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

48 (b) A right of survivorship arising from the express terms of the
49 account established pursuant to subdivision seven of this section may
50 not be altered by will.

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

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

1 (b) the personal representative of an account owner who is deceased,
2 or if there is none, pursuant to the provisions of article thirteen of
3 the surrogate's court procedure act to the extent applicable, provided
4 that in either case proof of death is presented to the bank showing that
5 such deceased account owner was the survivor of all other account owners
6 named on the account, unless the account is without right of survivor-
7 ship pursuant to subdivision seven of this section.

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

14 11. Discharge of bank from liability. (a) Payment made pursuant to
15 this section in accordance with the terms of the account and complying
16 with the account signature card discharges the bank from all claims for
17 amounts so paid, whether or not the payment is consistent with the bene-
18 ficial account ownership of the account as between account owners or
19 their successors. Payment may be made whether or not an account owner
20 or authorized signer is disabled, incapacitated, or deceased when
21 payment is requested, received, or made.

22 (b) Protection under this section does not extend to payments made
23 after a bank has received written notice from an account owner, or from
24 the personal representative, surviving spouse, distributee, or testamen-
25 tary beneficiary of a deceased account owner, to the effect that
26 payments in accordance with the terms of the account, including one
27 having an authorized signer designation, should not be permitted, and
28 the bank has had a reasonable opportunity to act on it when the payment
29 is made. Unless the notice is withdrawn by the person giving it, the
30 successor of any deceased account owner must concur in a request for
31 payment if the bank is to be protected under this section. Unless a bank
32 has been served with process in an action or proceeding, no other notice
33 or other information shown to have been available to the bank affects
34 its right to protection under this section.

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

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

45 (e) Beneficial account ownership between account owners apply only to
46 controversies between those persons and their creditors and other
47 successors, and do not apply the right of those persons to payment as
48 determined by the terms of the account.

49 12. Existing accounts. Each bank shall, for each multiple-person
50 account established before the effective date of this section, notify
51 the account owners of such accounts about the requirement to submit an
52 account signature card within one year from the effective date of this
53 section. Such bank shall provide each account owner with the account
54 signature card as part of such notice. Such notice may be executed by
55 mail or, if authorized by account owner or owners, electronically. If
56 the bank has not received an account signature card from an account

1 owner within six months of the effective date of this section, the bank
2 shall provide a second notice.

3 13. Regulations of the superintendent. The superintendent shall
4 promulgate and may from time to time amend rules and regulations which
5 require that the account owner or owners of a multiple-person account
6 under this section be informed of the terms and conditions of the
7 account, including the relationship and consequences between the persons
8 associated with the account, the differences between account types, and
9 the responsibilities of the institution with which the account is estab-
10 lished.

11 14. Severability clause. If any provision of this section or its
12 application to any person or circumstance is held invalid, the invalidi-
13 ty does not affect other provisions or application of this section which
14 can be given effect without the invalid provision or application, and
15 to this end the provisions of this section are severable.

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

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

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