

STATE OF NEW YORK

9383--A

Cal. No. 1305

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 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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 after July
4 first, two thousand twenty-five in New York 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 Section 678 of the banking law is REPEALED and a new section 678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

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

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1 the following form, or a substantially equivalent form in the account
2 owner's primary language, in fourteen-point type, published by the
3 department of financial services, whether in physical or electronic
4 written form:

5 ACCOUNT SIGNATURE CARD

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

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

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

13 1. _____

14 2. _____

15 3. _____

16 II. AUTHORIZED SIGNER(S). Identify the authorized signer or signers
17 (optional).

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

23 1. _____

24 2. _____

25 3. _____

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

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

30 NO. A deceased account owner's share of the account funds should
31 be disposed of as part of such owner's estate.

32 YES. A deceased account owner's share of the account funds should
33 pass to the surviving account owner or owners.

34 Signature Block and Notarization

35 Account owner(s) and authorized signer(s) MUST SIGN AND DATE BELOW. Any
36 signature below must be acknowledged before a notary public to ensure
37 its validity if this signature card has not been administered by 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. As an authorized signer, I understand that I do not own the funds in this account and have no right to use such funds for my personal benefit or to take possession of such funds upon an account owner's death.

Authorized Signer(s) Signature _____ Date _____

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

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

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

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

(i) "Bank" shall mean a bank as defined in section two of this chapter, credit union, savings bank, private banker, savings and loan association, foreign banking corporation licensed by the superintendent, and interstate branch established pursuant to article five-C of this chapter.

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

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

(l) "Net contribution" means the sum of deposits made by or on behalf of an account owner less withdrawals made by or on behalf of such account owner which have not been paid to or applied to the use of another account owner and a proportionate share of any charges deducted from the account, plus a proportionate share of any interest or dividends earned, whether or not included in the current balance. Such term includes any deposit of life insurance proceeds added to the account by reason of death of the account owner whose net contribution is in question.

(m) "Payment of sums on deposit" or "payment" means withdrawal or payment to an account owner, authorized signer or third person authorized by the account owner to make transactions pursuant to request.

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

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

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

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

1 (r) "Single-owner account" means an account payable on request to one
2 account owner.

3 (s) "Sums on deposit" means the balance payable on the account,
4 including interest and dividends earned, whether or not included in the
5 current balance and any deposit of life insurance proceeds added to the
6 account by reason of death of an account owner.

7 (t) "Terms of the account" means the contract of deposit, including
8 the account signature card, and any other terms and conditions of the
9 deposit agreement.

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

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

15 (b) This section shall not apply to:

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

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

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

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

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

32 4. Administration of account signature card. (a) The account signature
33 card shall establish the type of account provided, and such accounts
34 shall be governed by the provisions of this section applicable to such
35 account type.

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

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

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

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

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

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

1 (c) Unless the terms of an authorized signer designation provide that
2 the authority of an authorized signer terminates on disability or inca-
3 capacity of an account owner, such authorized signer's authority shall
4 survive disability and incapacity.

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

7 (e) The authority of a person designated as an attorney-in-fact for an
8 account owner under a power of attorney shall take precedence over and
9 supercede the authority of an authorized signer.

10 6. Account ownership during lifetime. (a) In a multiple-owner account,
11 during the lifetimes of all account owners, an account belongs to the
12 account owners in proportion to the net contribution of each to the sums
13 on deposit, unless there is clear and convincing evidence of a different
14 intent. In the absence of proof otherwise, the net contribution of each
15 is presumed to be an equal amount.

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

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

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

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

29 (d) If two or more account owners survive, and all account owners have
30 indicated a preference for the right of survivorship on the account
31 signature card, unless there is clear and convincing evidence of a
32 different intent, the amount to which the decedent, immediately before
33 death, was beneficially entitled, pursuant to subdivision six of this
34 section, shall belong to the surviving account owners in equal shares,
35 and augments the proportion to which each survivor, immediately before
36 the decedent's death, was beneficially entitled to pursuant to such
37 subdivision, and the right of survivorship continues between the surviv-
38 ing account owners.

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

45 (f) The ownership rights of a surviving account owner, or of the
46 decedent's estate, in sums on deposit is subject to request for payment
47 made by an account owner before the account owner's death, whether paid
48 by the bank before or after death, or unpaid, the surviving account
49 owner or the decedent's estate, is liable to the payee of an unpaid
50 request for payment. The liability is limited to a proportionate share
51 of the amount transferred under this section, to the extent necessary to
52 discharge the request for payment.

53 8. Alteration of rights. (a) An account owner may alter the terms of
54 the account by completing a new account signature card for such account
55 and submitting it to the bank. To be effective, all account owners must
56 consent to the alteration in writing using the account signature card,

1 and the notice must be received by the bank during an account owner's
2 lifetime.

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

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

8 (a) one or more of the account owners, whether or not another account
9 owner is disabled, incapacitated, or deceased when payment is requested
10 and whether or not the account owner making the request survives another
11 account owner; or

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

19 10. (a) Payment to authorized signer. A bank, on request, may pay sums
20 on deposit in an account with an authorized signer designation to such
21 authorized signer whether or not an account owner is disabled, incapac-
22 itated, or deceased when the request is made or received, and whether or
23 not the authority of the authorized signer terminates on the disability
24 or incapacity of an account owner.

25 (b) Nothing contained herein shall be construed to conflict with
26 federal or state laws or regulations requiring banks to report fraudu-
27 lent or suspicious activity, or release banks from liability for the
28 failure to comply with such state or federal laws and regulations.

29 11. Discharge of bank from liability. (a) Payment made pursuant to
30 this section in accordance with the terms of the account and complying
31 with the account signature card discharges the bank from all claims for
32 amounts so paid, whether or not the payment is consistent with the bene-
33 ficial account ownership of the account as between account owners or
34 their successors. Payment may be made whether or not an account owner
35 or authorized signer is disabled, incapacitated, or deceased when
36 payment is requested, received, or made.

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

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

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

5 (e) Beneficial account ownership between account owners apply only to
6 controversies between those persons and their creditors and other
7 successors, and do not apply the right of those persons to payment as
8 determined by the terms of the account.

9 12. Existing accounts. (a) Each bank shall, for each multiple-person
10 account established before the effective date of this section, provide
11 notice to the account owners of such accounts of the requirement to
12 submit an account signature card. Each bank shall provide such notice
13 within six months of the effective date of this section, and such notice
14 shall include the account signature card.

15 (b) Such notice may be executed by mail or, if authorized by the
16 account owner or owners, electronically, and may be combined with other
17 notices or mailings. If the bank has not received an account signature
18 card from an account owner within six months of providing the first
19 notice pursuant to this section, the bank shall provide a second notice.

20 (c) Accounts established in New York state for personal use prior to
21 July first, two thousand twenty-five, for which an account signature
22 card has not been properly received pursuant to this section, shall be
23 governed by section six hundred seventy-five of this article until such
24 time an account signature card is properly received for such account
25 pursuant to this section.

26 13. Regulations of the superintendent. The superintendent shall
27 promulgate and may from time to time amend rules and regulations which
28 require that the account owner or owners of a multiple-person account
29 under this section be informed of the terms and conditions of the
30 account, including the relationship and consequences between the persons
31 associated with the account, the differences between account types, and
32 the responsibilities of the institution with which the account is estab-
33 lished.

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

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

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

1 § 4. This act shall take effect July 1, 2025. Effective immediately,
2 the addition, amendment and/or repeal of any rule or regulation neces-
3 sary for the implementation of this act on its effective date are
4 authorized to be made and completed on or before such effective date.