

46:38-14 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA 46:38-14 et al. (N.J. Gifts to Minors Act--conform to changes in Uniform Gifts to Minors Act)

LAWS 1981 CHAPTER 377

Bill No. A3048

Sponsor(s) Burstein

Date Introduced Feb. 2, 1981

Committee: Assembly Judiciary, Law, Public Safety & Defense

Senate _____

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Nov. 30, 1981

Senate Dec. 10, 1981

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Following statements are attached if available:

Sponsor statement	Yes	No
Committee Statement: Assembly	Yes	No
Senate	Yes	No
Fiscal Note	Yes	No
Veto Message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

Uniform Gifts to Minors Act (as cited in statements):

TB100 National Conference of Commissioners on Uniform State Laws.
 N277 Handbook of....and proceedings of the...annual meeting.
 [1965--104--5, 147, 195--215]
 [1966---116--117, 126, 362]

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ASSEMBLY, No. 3048

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 2, 1981

By Assemblyman BURSTEIN

Referred to Committee on Judiciary, Law, Public Safety and Defense

AN ACT concerning gifts to minors, amending and supplementing
P. L. 1963, c. 177, and repealing section 19 thereof.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1963, c. 177 (C. 46:38-14) is amended to
2 read as follows:

3 2. [In this act, unless the meaning has no rational relation to
4 the context] *As used in this act:*

5 (a) "Adult" means a person ***[21]*** ****[*18*]**** **21** years of
5A age or more.

6 (b) "Bank" means a bank, trust company, national banking
7 association, savings bank or other banking institution, deposits in
8 which are insured by the Federal Deposit Insurance Corporation or
9 other like government instrumentality, or a State or Federal sav-
10 ings and loan association whose deposits or shares are insured by
11 the Federal savings and loan insurance corporation or other like
12 government instrumentality.

13 (c) "Broker" means a person lawfully engaged in the business
14 of effecting transactions in securities for the account of others. The
15 term includes a bank which effects such transactions. The term
16 also includes a person lawfully engaged in buying and selling
17 securities for his own account, through a broker or otherwise, as
18 part of a regular business.

19 (d) "Court" means the Superior Court [or the County Court].

20 (e) "Custodial property" includes:

21 (1) all securities; *life insurance or endowment policies, annuity*
22 *contracts, tangible personal property, interests in partnerships and*
23 *limited partnerships* and money under the supervision of the same
24 custodian for the same minor as a consequence of a gift or gifts
25 made to the minor under this act;

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

26 (2) the income from the custodial property; *and*

27 (3) the proceeds, immediate and remote, from the sale, exchange,
28 conversion, investment, reinvestment, *surrender* or other disposi-
29 tion of such securities, money, *life insurance or endowment policies*,
30 *annuity contracts, tangible personal property, interests in partner-*
31 *ships and limited partnerships* and income[; and].

32 (4) [a life insurance policy or an annuity contract on the life of
33 or for the benefit of the minor.] (*Deleted by amendment*)

34 (f) "Custodian" means a person so designated in accordance
35 with this act. The term includes a successor custodian.

36 (g) "Guardian" [includes a general guardian and] *of a minor*
37 *means* a guardian[, tutor or curator] *of his [property] estate or*
38 *person.*

39 (h) "Issuer" means a person who places or authorizes the
40 placing of his name on a security (other than as a transfer agent)
41 to evidence that it represents a share, participation or other inter-
42 est in property or in an enterprise or to evidence his duty or
43 undertaking to perform an obligation evidenced by the security, or
44 who becomes responsible for or in place of any such person.

45 (i) A "legal representative" of a person means his executor
46 [or], administrator *or guardian of his person or estate.*

47 (j) A "member" of a "minor's family" means any of the
48 minor's parents, grandparents, brothers, sisters, uncles and aunts,
49 whether of the whole blood or the half blood, or through adoption.

50 (k) "Minor" means a person under *[21]* **[*18]** **21**
51 years of age *[even though that person has attained or shall attain
52 the age of majority under the laws of this State]* **even though
52A that person has attained or shall attain the age of majority under
52B the laws of this State**.

53 (l) "Security" includes any note, stock, treasury stock, bond,
54 debenture, evidence of indebtedness, *certificate of interest or par-*
55 *ticipation in an oil, gas or mining title or lease or in payment out*
56 *of production under such a title or lease*, collateral trust certificate,
57 transferable share, voting trust certificate or, in general, any
58 interest or instrument commonly known as a security, or any
59 certificate of interest or participation in, any temporary or interim
60 certificate, receipt or certificate of deposit for, or any warrant or
61 right to subscribe to or purchase, any of the foregoing. *The term*
62 *does not include a security of which the donor is the issuer.* A
63 security is in "registered form" when it specifies the person
64 entitled to it or to the rights it evidences and [the name of such
65 person is] *its transfer may be registered upon books maintained*
66 *for that purpose by or on behalf of the issuer.*

67 (m) "Transfer agent" means a person who acts as authenti-
 68 cating trustee, transfer agent, registrar or other agent for an
 69 insurer in the registration[,] of [transfer] transfers [or cancella-
 70 tion] of its securities *or in the issue of new securities or in the*
 71 *cancellation of surrendered securities.*

72 (n) "Trust company" means a bank which is authorized to
 73 exercise trust powers.

74 (o) A "life insurance or endowment policy or annuity contract"
 75 means a life insurance or endowment policy or annuity contract
 76 issued by an insurance company on the life of a minor to whom a
 77 gift of the policy or contract is made in the manner prescribed in
 78 this act or on the life of any other person.

1 2. Section 3 of P. L. 1963, c. 177 (C. 46:38-15) is amended to
 2 read as follows:

3 3. An adult may, *during his lifetime*, make a gift of a security,
 4 a life insurance or endowment policy, annuity contract, tangible
 5 personal property, interest in a partnership or limited partnership
 6 or money to a minor under this act:

7 (a) [Of] *If the subject of the gift is a security in registered*
 8 *form, by registering it in the name of a person eligible to be cus-*
 9 *todian, followed by substantially the following language: "as cus-*
 10 *todian for under the New Jersey Uniform*
 (name of minor)

11 *Gifts to Minors Act";*

12 (b) [Of] *If the subject of the gift is a security not in registered*
 13 *form, [or a security issued by the donor,] by delivering it to a*
 14 *person eligible to be custodian, other than the donor, accompanied*
 15 *by a statement of gift in substantially the following language,*
 16 *signed by the donor and the custodian:*

"GIFT UNDER THE NEW JERSEY UNIFORM GIFTS TO MINORS ACT

17 I, [, acting under the New Jersey Uni-
 (name of donor)

18 form Gifts to Minors Act,] hereby deliver to ,
 (name of custodian)

19 as custodian *under the New Jersey Uniform Gifts to Minors Act,*
 20 for , the following security:

(name of minor)

21
 (description of security)

22 Dated:
 (signature of donor)

23 [I,] , as custodian for said
 (name of custodian) (name of minor)

24 hereby [acknowledge] *acknowledges* receipt of the above described

25 security under the New Jersey Uniform Gifts to Minors Act.

26 Dated:
 (signature of custodian)"

27 (c) **[Of]** *If the subject of the gift is money, by paying or de-*
 28 *livering it to a broker or a bank for credit to an account in the*
 29 *name of a person eligible to be custodian, followed by substantially*
 30 *the following language: "as custodian for"*
 (name of minor)

31 under the New Jersey Uniform Gifts to Minors Act."

32 (d) **[Of]** *If the subject of the gift is a life insurance or endow-*
 33 *ment policy or an annuity contract, by causing the ownership of*
 34 *the policy or contract to be registered with the issuing insurance*
 35 *company in the name of the custodian [which shall be registered*
 36 *by the donor of such policy or contract in his own name] or in the*
 37 *name of an adult member of the minor's family or in the name of*
 38 **[any]** *a guardian of the minor or any bank or trust company, fol-*
 39 *lowed by the words "custodian for under*
 (name of minor)

40 the New Jersey Uniform Gifts to Minors Act," and such policy of
 41 life insurance or endowment policy or annuity contract shall be
 42 delivered to the person in whose name it is thus registered as cus-
 43 todian. If the policy or contract is registered in the name of the
 44 donor, as custodian, such registration shall of itself constitute the
 45 delivery required by this act.

46 (e) *If the subject of the gift is an interest in tangible personal*
 47 *property, by causing the ownership of the property to be trans-*
 48 *ferred by any appropriate written document to the custodian in*
 49 *his own name, followed by substantially the following language:*
 50 *"as custodian for under the New Jersey*
 (name of minor)

51 *Uniform Gift to Minors Act."*

52 (f) *If the subject of the gift is an interest in a partnership or*
 53 *a limited partnership, by delivering an assignment of the interest*
 54 *to the custodian in his own name, followed by substantially the*
 55 *following language: "as custodian for under*
 (name of minor)

56 the New Jersey Gift to Minors Act," and by notifying in writing
 57 the other partner or partners in the case of a partnership or the
 58 other general partner or partners in the case of a limited partner-
 59 ship and the donee of the gift. In the case in which the assignment
 60 is made to the donor in his own name, notification to the other part-
 61 ner or partners in the case of a partnership or to the other general
 62 partner or partners in the case of a limited partnership shall con-
 63 stitute the delivery required by this subsection.

1 3. Section 5 of P. L. 1963, c. 177 (C. 46:38-17) is amended to
2 read as follows:

3 5. **[A custodial gift conveys to the minor indefeasibly vested**
4 **legal title to the custodial property.]**

5 *A gift made in the manner prescribed in this act is irrevocable*
6 *and conveys to the minor an indefeasible vested legal title to the*
7 *security, life insurance or endowment policy, annuity contract,*
8 *money, tangible personal property, interest in a partnership or*
9 *general partnership.*

1 4. Section 6 of P. L. 1963, c. 177 (C. 46:38-18) is amended to
2 read as follows:

3 6. (a) If a custodial gift includes a security not in registered form
4 **[or a security issued by the donor],** the execution by the custodian
5 designee of the acknowledgment of receipt described in section 3(b)
6 of this act constitutes acceptance of the custodianship.

7 (b) If a custodial gift **[includes neither]** *does not include a*
8 *security not in registered form [nor a security issued by the*
9 *donor],* the custodian designee shall be deemed to have accepted
10 the custodianship upon the execution by him and delivery to the
11 donor of a notice in writing of his acceptance of the custodianship.
12 Such written notice of acceptance, when given to the donor upon
13 opening an account with a bank or broker in the custodian's name
14 shall be deemed written acceptance of all subsequent gifts made
15 through such account until the custodian delivers written notifica-
16 tion to the donor to the contrary. If the custodian designee does not
17 deliver such a notice of acceptance to the donor within 10 days of
18 the making of the gift, the donor shall promptly deliver to the
19 custodian designee a notice in writing requesting an acceptance or
20 renunciation. If the custodian designee fails to deliver to the donor
21 a written notice of acceptance or renunciation within 10 days after
22 delivery to him of the request, he shall be deemed to have renounced.
23 In that event the donor shall make a written recital of the failure
24 to respond and the consequent renunciation. The donor shall
25 promptly cause a copy of each writing sent, received or made by
26 him to be delivered to each successor custodian and to the minor
27 if he is then 14 years of age or more.

1 5. Section 7 of P. L. 1963, c. 177 (C. 46:38-19) is amended to read
2 as follows:

3 7. A donor may, at the time of making a custodial gift, designate
4 one or more eligible persons as successor custodians to act as such
5 upon the renunciation, death, resignation or removal of the first
6 custodian or of the preceding successor custodian**],** if the minor is

7 then under 21 years of age,] by a statement of designation in
8 substantially the following language:

“DESIGNATION OF SUCCESSOR CUSTODIAN

9 I, , having this day made a cus-
 (name of donor)
 10 todial gift under the New Jersey Uniform Gifts to Minors Act to
 11 consisting of
 (name of minor) (description of securities, if any, and
 12
 identification of credits created pursuant to section 3(c) of this act)
 13 and having designated custodian for
 (name of first custodian)
 14 said , hereby designate
 (name of minor) (name of successor custodian)
 15 successor custodian for said , to succeed
 (name of minor)
 16 to the duties of custodian upon the renunciation, death, resignation
 17 or removal of said
 (name of first custodian)
 18 Dated:
 (signature of donor)”

19 If more than one successor custodian be named the statement of
20 description shall be altered appropriately.

21 Executed counterparts of the statement of designation shall be
22 delivered promptly upon execution to the custodian and to each
23 successor custodian, to each broker or bank with whom the donor
24 creates a credit under section 3(c) of this act, and to the minor
25 if he is then 14 years of age or more.

1 6. (New section) a. A custodian may, before he renounces, dies,
2 resigns or is removed from office, designate a successor custodian
3 if the donor has failed to designate a successor. The custodian may
4 designate his successor by executing and dating an instrument of
5 designation before a subscribing witness other than the successor.
6 The instrument of designation may but need not contain the resig-
7 nation of the custodian.

8 b. In the absence of an effective designation of a successor
9 custodian by the custodian, the donor may designate a successor
10 by executing and dating an instrument of designation before a sub-
11 scribing witness other than the successor.

12 c. In the absence of an effective designation of a successor cus-
13 todian by either the custodian or donor, the guardian of the minor
14 shall become successor custodian; in the absence of a guardian, the
15 minor, if he has attained the age of 14 years, may designate a
16 successor custodian by executing an instrument of designation
17 before a subscribing witness other than the successor.

18 d. If the minor has no guardian and if no successor custodian
 18A who is eligible and has not died or become legally incapacitated has
 18B been designated as a successor custodian, the legal representative
 19 of the donor, the legal representative of the custodian or an adult
 20 member of the minor's family may apply to the court for the
 21 designation of a successor custodian.

22 e. A successor custodian has all the rights, powers, duties and
 23 immunities of a custodian designated in a manner prescribed by
 24 this act.

1 7. (New section) The designation of a successor custodian takes
 2 effect as to each item of the custodial property when the custodian
 3 resigns, dies or becomes legally incapacitated and the custodian
 4 or his legal representative:

5 a. Causes the item, if it is a security in registered form or a life
 6 insurance or endowment policy or annuity contract, to be regis-
 7 tered, with the issuing insurance company in the case of a life in-
 8 surance policy or annuity contract, in the name of the successor
 9 custodian followed, in substance, by the words: "as custodian
 10 for under the New Jersey Uniform Gifts
 (name of minor)

11 to Minors Act"; and

12 b. Delivers or causes to be delivered to the successor custodian
 13 any other item of the custodial property, together with the instru-
 14 ment of designation of the successor custodian or a true copy
 15 thereof and any additional instruments required for the transfer
 16 thereof to the successor custodian.

1 8. Section 9 of P. L. 1963, c. 177 (C. 46:38-21) is amended to
 2 read as follows:

3 9. Only the following persons are eligible to be custodians: the
 4 donor of the custodial property, an adult [member of the minor's
 5 family], a guardian of the minor and a trust company. There may
 6 not be more than [1] one custodian of the same custodial property
 7 at the same time.

1 9. Section 10 of P. L. 1963, c. 177 (C. 46:38-22) is amended to
 2 read as follows:

3 10. An adult may authorize or direct his trustee or [legal rep-
 4 resentative] *executor* to make a gift to a minor under this act. If
 5 a gift is so made, the trustee or [legal representative] *executor*
 6 shall be deemed the donor of the gift for the purpose of this act.

1 10. Section 11 of P. L. 1963, c. 177 (C. 46:38-23) is amended
 2 to read as follows:

3 11. ~~【No】~~ Any gift ~~【may be】~~ made under this act ~~【to more~~
 4 ~~than】~~ *may be made to only one minor and only one person may be*
 5 *the custodian.*

1 11. Section 12 of P. L. 1963, c. 177 (C. 46:38-24) is amended
 2 to read as follows:

3 12. A donor of a custodial gift shall promptly do all things within
 4 his power to put the subject of the gift in the possession and control
 5 of the custodian, *but neither the donor's failure to comply with this*
 6 *section, nor his designation of an ineligible person as custodian,*
 7 *nor renunciation by the person designated as custodian affects the*
 8 *consummation of the gift.*

1 12. (New section) A custodian who executes an instrument of
 2 designation of his successor containing the custodian's resignation
 3 shall promptly do all things within his power to put each item of
 4 the custodial property in the possession and control of the succes-
 5 sor custodian named in the instrument. The legal representative
 6 of a custodian who dies or becomes legally incapacitated shall
 7 promptly do all things within his power to put each item of the
 8 custodial property in the possession and control of the successor
 9 custodian named in an instrument of designation executed by the
 10 custodian or, if none, by the minor if he has no guardian and has
 11 attained the age of 14 years, or in the possession and control of
 12 the guardian of the minor if he has a guardian. If the custodian
 13 has executed more than one instrument of designation, his legal
 14 representative shall treat the instrument dated on an earlier date
 15 as having been revoked by the instrument dated on a later date.

1 13. Section 15 of P. L. 1963, c. 177 (C. 46:38-27) is amended to
 2 read as follows:

3 15. (a) The custodian shall collect, hold ~~【and】~~, manage, *invest*
 4 *and reinvest* the custodial property. ~~【A custodian not compensated~~
 5 ~~for his services may hold any part or all of the custodial property~~
 6 ~~in one or more accounts in a bank. A custodian compensated for his~~
 7 ~~services shall invest and reinvest the custodial property unless the~~
 8 ~~amount involved does not warrant investment or the circumstances~~
 9 ~~are not propitious for investment.】~~

10 (b) The custodian shall pay over to the minor for expenditure by
 11 him, or expend on behalf of the minor, so much of or all the
 12 custodial property as the custodian deems advisable for the support,
 13 maintenance, education, general use and benefit of the minor in the
 14 manner, at the time or times, and to the extent that the custodian
 15 in his absolute discretion deems suitable and proper, with or with-
 16 out court order, with or without regard to the duty or ability of
 17 himself or of any other person to support the minor, and with or

18 without regard to any other funds, income or property of the minor
19 which may be available for any such purpose.

20 (c) **【On】** *The court, on the 【petition】 application of a parent or*
21 *guardian of the minor, or on the 【petition】 application of the minor*
22 *if he 【is 14 years of age or more, the court】 has attained the age*
23 *of 14 years, may order the custodian to pay over to the minor for*
24 *expenditure by him, or to expend on behalf of the minor, so much*
25 *of or all the custodial property as is necessary for the minor's*
26 *support, maintenance, education, general use and benefit.*

27 (d) To the extent that the custodial property is not so expended,
28 the custodian shall deliver or pay it over to the minor when he
29 attains ***【21】*** ****【*18*】**** ****21**** years of age or, if the minor
30 dies before attaining ***【21】*** ****【*18*】**** ****21**** years of age, the
31 custodian shall thereupon deliver or pay it over to the estate of
32 the minor. ***【The donor at the time the gift is made may expressly**
33 *direct that the custodianship be terminated and custodial property*
34 *be paid over and transferred to the minor at any time after the*
34A *minor attains the age of 18 years.】** ****The donor at the time the**
34B *gift is made may expressly direct that the custodianship be termi-*
34C *nated and the custodial property be paid over and transferred to*
34D *the minor at any time after the minor attains the age of 18 years.***

35 (e) The custodian, **【notwithstanding statutes restricting invest-**
36 **ments by fiduciaries,】** in investing and reinvesting the custodial
37 property, shall act as would a prudent man of discretion and intelli-
38 gence who is seeking a reasonable income and the preservation of
39 his capital, except that he **【shall not be liable for retaining a**
40 **security given to the minor under this act】** *may, in his discretion*
41 *and without liability to the minor or his estate, retain a security*
42 *given to the minor in a manner prescribed in this act or hold money*
43 *so given in an account in the bank to which it was paid or delivered*
44 *by the donor.*

45 (f) **【Prior to his acceptance of a custodianship a custodian**
46 **designee in possession of custodial property shall be responsible**
47 **only for due physical care of the property.】** *(Deleted by amend-*
48 *ment)*

49 (g) The custodian may sell, exchange, convert or otherwise dis-
50 pose of custodial property in the manner, at the time or times, for
51 the price or prices and upon the terms he deems advisable. He may
52 vote a security which is custodial property in person or by general
53 or limited proxy. He may consent, directly or through a committee
54 or other agent, to the reorganization, consolidation, merger, dis-
55 solution or liquidation of an issuer of a security which is custodial
56 property, and to the sale, lease, pledge or mortgage of any prop-

57 erty by or to such an issuer, and to any other action by such an
 58 issuer. He may execute and deliver written instruments which he
 59 deems advisable to carry out any of his powers as custodian.

60 (h) The custodian shall keep all custodial property separate and
 61 distinct from his own property in such a manner as to identify it
 62 clearly as custodial property. He shall register each security which
 63 is custodial property and in registered form in his name, followed
 64 by substantially the following language: "as custodian for
 65 under the New Jersey Uniform Gifts to
 (name of minor)

66 Minors Act." He shall hold all money which is custodial property
 67 in an account with a broker or in a bank in his name followed by
 68 substantially the following language: "as custodian for
 69 under the New Jersey Uniform Gifts to
 (name of minor)

70 Minors Act."

71 (i) The custodian shall keep records of all transactions with
 72 respect to the custodial property and make them available for
 73 inspection at reasonable intervals by a parent, guardian or legal
 74 representative of the minor, or by the minor if he is 14 years
 75 of age or more.

76 (j) In addition to the powers given in this act, a custodian has
 77 all the powers with respect to the custodial property which a
 78 guardian of the [property] estate would have with respect to
 79 property not held as custodial property.

80 (k) *If the subject of the gift is a life insurance or endowment*
 81 *policy or annuity contract, the custodian:*

82 (1) *in his capacity as custodian, has all the incidents of*
 83 *ownership in the policy or contract to the same extent as if he*
 84 *were the owner, except that the designated beneficiary of any*
 85 *policy or contract on the life of the minor shall be the minor's*
 86 *estate and the designated beneficiary of any policy or contract*
 87 *on the life of a person other than the minor shall be the cus-*
 88 *todian as custodian for the minor for whom he is acting; and*

89 (2) *may pay premiums on the policy or contract out of the*
 90 *custodial property.*

91 *[(l) *The custodian may, in his discretion, terminate the custo-*
 92 *dianship and pay over and transfer the custodial property to the*
 93 *minor at any time after the minor has attained the age of 18 years,*
 94 *but this power shall not be exercised by the custodian prior to a*
 95 *termination age fixed by the donor as provided in subsection c. of*
 96 *this section.]**

97 ***(l) The custodian may, in his discretion, terminate the custo-*
 98 *dianship at any time after the minor has attained the age of 18*
 99 *years, but the power shall not be exercised by the custodian prior to*
 100 *a termination age fixed by the donor as provided in subsection c. of*
 101 *this section.***

1 14. Section 16 of P. L. 1963, c. 177 (C. 46:38-28) is amended
 2 to read as follows:

3 16. (a) A custodian is entitled to reimbursement from the cus-
 4 todial property for his reasonable expenses incurred in the per-
 5 formance of his duties.

6 (b) **【A custodian other than a trust company or a guardian of**
 7 **a minor shall receive no compensation for his services】** *A custodian*
 8 *may act without compensation for his services.*

9 (c) **【If a custodian is a trust company or a guardian of a minor,**
 10 he may receive from his custodial property reasonable compensa-
 11 tion for his services as provided by the law of this State governing
 12 compensation of a guardian of the property of a minor, as if the
 13 property held by him as custodian were held by him as guardian
 14 in addition to any other property of the minor held by him as
 15 guardian**】** *Unless he is a donor, a custodian may receive from the*
 16 *custodial property reasonable compensation for his services de-*
 17 *termined by:*

18 (1) *A direction by the donor when the gift is made; or*

19 (2) *In the absence of a direction by the donor, such com-*
 20 *penetration as provided by the law of this State governing com-*
 21 *penetration of a guardian of the estate of a minor.*

22 (d) A custodian need not give a bond concerning the perform-
 23 ance of his duties unless required to do so *by this act or by court*
 24 order **【under this act】**.

25 (e) A custodian not compensated for his services is not liable
 26 for losses to the custodial property unless they result from his
 27 bad faith, intentional wrongdoing or gross negligence or **【unless,**
 28 if he invests or reinvests any part or all of said property, the losses
 29 result from his failure, in the course of such investing and rein-
 30 vesting, to observe the applicable standards of prudence estab-
 31 lished by this act**】** *from his failure to maintain the standard of*
 32 *prudence in investing the custodial property provided in this act.*

1 15. Section 17 of P. L. 1963, c. 177 (C. 46:38-29) is amended
 2 to read as follows:

3 17. An issuer, transfer agent, bank, *life insurance company,*
 4 broker or other person acting on the instructions of or otherwise
 5 dealing with any person purporting to act as a donor or custodian
 6 (a) is not responsible for determining whether the person desig-

24 An ineligible person who has accepted a designation as custodian
25 shall be deemed a lawful custodian for the purpose of the applica-
26 tion of the resignation procedure and the powers provided in this
27 section.

1 17. Section 19 of P. L. 1963, c. 177 (C. 46:38-31) is repealed.

1 18. This act shall take effect on the first day of the third calendar
2 month following its enactment.

STATEMENT

This bill has been prepared by the Division of Legal Services of the Legislative Services Agency. The division has a duty to receive and consider suggestions and recommendations from the National Conference of Commissioners on Uniform State Laws for the improvement and modification of the general and permanent statute law of the State and bring the law of this State, civil and criminal, and the administration thereof, into harmony with modern conceptions and conditions.

The original Uniform Gifts to Minors Act was approved by the Conference of Commissioners on Uniform State Laws in 1956 and was adopted in New Jersey on December 19, 1963 as Chapter 177 of the Laws of 1963 (C. 46:38-13 et seq.). The act was thereafter revised by the National Conference of Commissioners on Uniform State Laws in 1965 and 1966. This bill amends and supplements the existing law in this State to conform with the later revisions of the Uniform Gifts to Minors Act as proposed by the Commissioners.

Some of the more important changes contained in this bill are:

- a. The definition of "custodial property" is extended to include "life insurance, endowment policies, annuity contracts, tangible personal property, interests in partnerships and limited partnerships";
- b. Defines a "life insurance or endowment policy or annuity contract";
- c. Enlarges the definition of a "security" to include "certificate of interest or participation in an oil, gas or mining title or lease or in payment out of production under such title or lease";
- d. Spells out with certainty how the various forms of a custodial gift shall be transferred and registered;
- e. Expressly provides that a gift made to a minor under the act is irrevocable and conveys to the minor an indefeasible vested legal title in the property;
- f. The procedure for the designation of a successor custodian has been clarified and expanded to minimize the necessity for court proceedings.
- g. The class of eligible custodians has been enlarged to include any adult who is not a member of the minor's family provided he is appointed by the donor.
- h. The existing age of 21 years as the age for attaining majority has been retained. This is the age recommended by the Commis-

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sioners, however, this bill will permit the termination of a custodianship before the minor attains the age of 21 years. The donor may, at the time the gift is made, direct that the custodianship be terminated at any time after the minor attains the age of 18 years, and the custodian, in his discretion, may terminate the custodianship at any time after the minor attains the age of 18 years but not prior to a termination age fixed by the donor.

i. The donor may, at the time the gift is made, fix the compensation to be paid to the custodian or direct that the custodian receive compensation as provided by law governing compensation paid to guardians of a minor's estate.

j. A custodian may, in his discretion and without liability, retain any security which is the subject of a custodial gift under the act or hold money so given in a bank to which it was paid or delivered by the donor.

Section 19 of the act (C. 46:38-31) is repealed because its provisions are covered by section 6 of the bill and its retention is no longer necessary.

ASSEMBLY JUDICIARY, LAW, PUBLIC SAFETY AND
DEFENSE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3048

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 1981

This bill has been prepared by the Division of Legal Services of the Legislative Services Agency. The division has a duty to receive and consider suggestions and recommendations from the National Conference of Commissioners on Uniform State Laws for the improvement and modification of the general and permanent statute law of the State and bring the law of this State, civil and criminal, and the administration thereof, into harmony with modern conceptions and conditions.

The original Uniform Gifts to Minors was approved by the Conference of Commissioners on Uniform State Laws in 1956 and was adopted in New Jersey on December 19, 1963 as Chapter 177 of the Laws of 1963 (C. 46:38-13 et seq.). The act was thereafter revised by the National Conference of Commissioners on Uniform State Laws in 1965 and 1966. This bill amends and supplements the existing law in this State to conform with the later revisions of the Uniform Gifts to Minors Act as proposed by the Commissioners. As amended by the Assembly Judiciary, Law, Public Safety and Defense Committee, the age of majority in this bill was changed to 18. This was the sole committee amendment.

Some of the more important changes contained in this bill are:

- a. The definition of "custodial property" is extended to include "life insurance, endowment policies, annuity contracts, tangible personal property, interests in partnerships and limited partnerships";
- b. Defines a "life insurance or endowment policy or annuity contract";
- c. Enlarges the definition of a "security" to include "certificate of interest or participation in an oil, gas or mining title or lease or in payment out of production under such title or lease";
- d. Spells out with certainty how the various forms of a custodial gift shall be transferred and registered;
- e. Expressly provides that a gift made to a minor under the act is irrevocable and conveys to the minor an indefeasible vested legal title in the property;

f. The procedure for the designation of a successor custodian has been clarified and expanded to minimize the necessity for court proceedings.

g. The class of eligible custodians has been enlarged to include any adult who is not a member of the minor's family provided he is appointed by the donor.

h. The existing age of 21 years as the age for attaining majority was changed to 18 by the Assembly Judiciary, Law, Public Safety and Defense Committee.

i. The donor may, at the time the gift is made, fix the compensation to be paid to the custodian or direct that the custodian receive compensation as provided by law governing compensation paid to guardians of a minor's estate.

j. A custodian may, in his discretion and without liability, retain any security which is the subject of a custodial gift under the act or hold money so given in a bank to which it was paid or delivered by the donor.

Section 19 of the act (C. 46:38-31) is repealed because its provisions are covered by section 6 of the bill and its retention is no longer necessary.
