

17:16I-12

3/18/87

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:16I-12 (Trust accounts-- clarify payment to minors in pay-off of death accounts)

CHAPTER 171

Laws Of: 1986

Bill No: A2120

Sponsor(s): DiGaetano

Date Introduced: February 24, 1986

Committee: Assembly: Financial Institutions

Senate: Judiciary

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: Assembly: May 15, 1986

Senate: December 29, 1986

Date of Approval: December 4, 1986

Following statements are attached if available:

Sponsor statement: Yes Attached: Senate amendments, adopted 7-31-86 (with statement)

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 2120

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1986

By Assemblyman DiGAETANO

AN ACT to amend the "Multiple-party Deposit Account Act," approved February 28, 1980 (P. L. 1979, c. 491).

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

1 1. Section 12 of P. L. 1979, c. 491 (C. 17:16I-12) is amended to
2 read as follows:

3 12. *a.* Payment made pursuant to *subsection b. of this section, or*
4 *pursuant to sections 8, 9, 10 or 11 of this act or sections 89, 90 or 91*
5 *of P. L. 1963, c. 144 (C. 17:12B-89 to C. 17:12B-91) discharges the*
6 *financial institution from all claims for amounts so paid whether*
7 *or not the payment is consistent with the beneficial ownership of*
8 *the account as between parties, P.O.D. payees, or beneficiaries, or*
9 *their successors. The protection here given does not extend to*
10 *payments made after a financial institution has received written*
11 *notice from any party able to request present payment to the*
12 *effect that withdrawals in accordance with the terms of the*
13 *account should not be permitted. Unless the notice is withdrawn*
14 *by the person giving it, the successor of any deceased party must*
15 *concur in any demand for withdrawal if the financial institution is*
16 *to be protected under this section. No other notice or any other*
17 *information shown to have been available to a financial institution*
18 *shall affect its right to the protection provided here. The protec-*
19 *tion here provided shall have no bearing on the rights of parties*
20 *in disputes between themselves or their successors concerning the*
21 *beneficial ownership of funds in, or withdrawn from, multiple-*
22 *party accounts. Financial institutions refusing or altering pay-*

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

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted May 8, 1986.

**—Senate committee amendments adopted September 8, 1986.

23 ment pursuant to written notice or order from any party able to
 24 request present payment shall not be liable to any other party to
 25 the account, or beneficiary thereof, by reason of such action.

26 *b. When a beneficiary of a trust account, or a P.O.D. account*
 27 *payee, is under the age of 18 when ***[such]*** *the* beneficiary or*
 28 *payee becomes entitled to payment as provided in this act, a*
 29 *****[banking institution, as defined in P. L. 1948, c. 67, § 1 (C.***
 30 *17:9A-1)**]**** **state or federally chartered bank or savings bank**,*
 31 *in which the trust account or P.O.D. account is maintained shall*
 32 *make such payment (1) ***[to such beneficiary or payee when such***
 33 *beneficiary or payee attains the age of 18; or (2)**]*** **if a certificate*
 34 *of appointment of a guardian is filed with the ****[banking institu-***
 35 *tion]**** **bank or savings bank**,* to the guardian of the estate***
 36 *****[or of the person of]**** **to the guardian of** ***[such]*** *the**
 37 *beneficiary or payee; or ***[(3)]*** *(2)* if a certificate of appoint-*
 38 *ment of a guardian is not filed with the ****[banking institution]*****
 39 ***bank or savings bank, the bank or savings bank shall prioritize*
 40 *payment as follows: (a)**, to ***[such]*** *the* beneficiary or payee,*
 41 *if ***[he is]*** married; ****[or]**** *(b)** to a parent or parents of*
 42 ****[such]*** *the* beneficiary or payee****;**** **,** or to any person*
 43 *having the care and custody of ***[such]*** *the* beneficiary or payee*
 44 *with whom the beneficiary or payee resides*; or *(c)** to the*
 45 *beneficiary or payee when the beneficiary or payee attains the age*
 46 *of 18*.*

1 2. This act shall take effect immediately.

BANKING AND FINANCIAL INSTITUTIONS

Clarifies payment by banks of trust accounts to beneficiaries of
 pay-on-death accounts when the payees are under age 18 when the
 depositor dies.

23 ment pursuant to written notice or order from any party able to
 24 request present payment shall not be liable to any other party to
 25 the account, or beneficiary thereof, by reason of such action.

26 *b. When a beneficiary of a trust account, or a P.O.D. account*
 27 *payee, is under the age of 18 years when such beneficiary or payee*
 28 *becomes entitled to payment as provided in this act, a banking in-*
 29 *stitution, as defined in P. L. 1948, c. 67, § 1 (C. 17:9A-1), in which*
 30 *the trust account or P.O.D. account is maintained shall make such*
 31 *payment (1) to such beneficiary or payee when such beneficiary or*
 32 *payee attains the age of 18; or (2) to the guardian of the estate or*
 33 *of the person of such beneficiary or payee; or (3) if a certificate of*
 34 *appointment of a guardian is not filed with the banking institution,*
 35 *to such beneficiary or payee, if he is married; or to a parent or*
 36 *parents of such beneficiary or payee; or to any person having the*
 37 *care and custody of such beneficiary or payee with whom the bene-*
 38 *ficiary or payee resides.*

1 2. This act shall take effect immediately.

SPONSOR'S STATEMENT

The Multiple-party Deposit Account Act, P. L. 1979, c. 491 (C. 17:16I-1 et seq.) makes provision for deposit trust accounts in which the depositor names a beneficiary who will be entitled to the balance in the account on the death of the depositor during the life of the beneficiary. The act further provides for P.O.D. (payable on death) accounts in which the depositor names a person or persons (P.O.D. payee) who will be entitled to the balance in the account on the death of the depositor during the life of the payee. This bill makes it clear how payment is to be made by banking institutions to beneficiaries and payees who are under 18 years of age when the depositor dies.

BANKING AND FINANCIAL INSTITUTIONS

Clarifies payment by banks of trust accounts to beneficiaries of pay-on-death accounts when the payees are under age 18 when the depositor dies.

A2120 (1986)

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2120

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 8, 1986

This bill, as amended by the Assembly Financial Institutions Committee, specifies the alternatives available to financial institutions for making payment of the balances in deposit trust accounts and P. O. D. accounts when the beneficiaries or payees are under 18 years of age. If a certificate of appointment of a guardian for the beneficiary (or payee) is filed with the institution, the institution may make payment to the guardian. If a certificate of appointment of a guardian has not been filed, the institution may make payment to the beneficiary (or payee) if he is married, or to a parent or parents of the beneficiary (or payee), or to any person having responsibility for the care and custody of the beneficiary (or payee) with whom the beneficiary (or payee) resides, or to the beneficiary (or payee) when he reaches 18 years of age. The institution must choose one of these alternatives. Compliance with the provisions of the bill would insulate the institution from liability for making payment of the balances in these types of accounts.

The amendments were technical in nature.

SENATE JUDICIARY COMMITTEE
STATEMENT TO
ASSEMBLY, No. 2120

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 1986

The Senate Judiciary Committee reports favorably and with committee amendments Assembly Bill No. 2120.

This bill amends the "Multiple-party Deposit Account Act" and specifies the alternatives available to banking institutions for making payment of the balances in deposit trust accounts and P. O. D. accounts when the beneficiaries or payees are under 18 years of age. If a certificate of appointment of a guardian for the beneficiary (or payee) is filed with the institution, the institution may make payment to the guardian. If a certificate of appointment of a guardian has not been filed, the institution may make payment to the beneficiary (or payee), if he is married, or to a parent or parents of the beneficiary (or payee), or to any person having responsibility for the care and custody of the beneficiary (or payee) with whom the beneficiary (or payee) resides or to the beneficiary (or payee) when he reaches 18 years of age. The institution must choose one of these alternatives.

Compliance with the provisions of the bill would insulate the institution from liability for making payment of the balances in these types of accounts.

The committee amendments clarify that the bill's provisions are applicable specifically to banks and savings banks. The amendments also establish priorities for payment of accounts as follows: to a married beneficiary or payee; to the parent or person caring for the beneficiary or payee and to the beneficiary or payee when that person reaches age 18.

Pat Hagle
requested this be
filed with A.2120
7-31-86

CL-0059
TR- 0051
SR-
OK
w/c

Senate Amendments

to

Senate Bill No. 845 (OCR) Typed Copy
(Proposed by Senator Russo)

ADOPTED

JUL 31 1986

Sec.	Line	
1	29-30	Omit "banking institution, as defined in Section 1 of P.L. 1948, c. 67 (C.17:9A-1)" insert "state or federally chartered bank or savings bank"
1	34-35	Omit "banking institution" insert "bank or savings bank"; after second "to" insert "the guardian of"
1	37	Omit "banking institution" insert "bank or savings bank"; after "," omit "banking institution" insert "bank or savings bank"

Statement

The amendment clarifies the circumstances under which a bank or savings bank makes payment to the guardian of a minor.

Bill Signings: A-10, A-1270, S-912 and S-2120
Page 2
December 5, 1986

The legislation amends the Spill Act to increase the penalty for violations to \$50,000 per offense.

Penalties for violations of the Water Pollution Control Act are also increased. The maximum the DEP Commissioner may assess is raised to \$50,000 and the daily fine for continuing violations is increased to \$50,000. Potential civil penalties are also raised to a maximum of \$50,000 per day violation.

The legislation is effective immediately.

S-912, sponsored by Senator Lee Laskin, R-Camden, provides that only the delinquent part of taxes must be paid at the time of redemption of property from tax sale.

The current statute could be interpreted to require payment of the entire year's taxes, including installments which are not yet due.

The legislation is effective immediately.

A-2120, sponsored by Assemblyman Paul DiGaetano, R-Passaic and Senator John Russo, D-Ocean, clarifies the line of payment to beneficiaries on deposit trust bank accounts and to payees on proof of death bank accounts where the beneficiary or payee is under the age of 18 when payment becomes due.

The bill gives guidance to State and federally chartered banks and savings banks.

The legislation is effective immediately.

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