

## No. 134

## AN ACT

## SB 1143

Amending Title 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes, adding provisions relating to multiple-party accounts.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Title 20, act of November 25, 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated Statutes, amended June 30, 1972 (P.L.508, No.164), is amended by adding a chapter to read:

CHAPTER 63  
MULTIPLE-PARTY ACCOUNTS

Sec.

- 6301. Definitions.
  - 6302. Applicability of chapter.
  - 6303. Ownership during lifetime.
  - 6304. Right of survivorship.
  - 6305. Form of account.
  - 6306. Accounts and transfers nontestamentary.
- § 6301. Definitions.

The following words and phrases when used in this chapter shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

“Account” means a contract of deposit of funds between a depositor and a financial institution, and includes a checking account, savings account, certificate of deposit, share account and other like arrangements.

“Beneficiary” means a person named in a trust account as one for whom a party to the account is named as trustee.

“Financial institution” means any organization authorized to do business under State or Federal laws relating to financial institutions, including, without limitation, banks and trust companies, savings banks, building and loan associations, savings and loan companies or associations and credit unions.

“Joint account” means an account payable on request to one or more of two or more parties whether or not mention is made of any right of survivorship.

“Multiple-party account” is either a joint account or a trust account. It does not include accounts established for deposit of funds of a partnership, joint venture, or other association for business purposes, or accounts controlled by one or more persons as the duly authorized agent or trustee for a corporation, unincorporated association, charitable or civic

organization or a regular fiduciary or trust account where the relationship is established other than by deposit agreement.

“Net contribution” of a party to a joint account as of any given time is the sum of all deposits thereto made by or for him, less all withdrawals made by or for him which have not been paid to or applied to the use of any other party, plus a pro rata share of any interest or dividends included in the current balance. The term includes, in addition, any proceeds of life insurance added to the account by reason of the death of the party whose net contribution is in question.

“Party” means a person who, by the terms of the account, has a present right, subject to request, to payment from a multiple-party account. A beneficiary of a trust account is a party only after the account becomes payable to him by reason of his surviving the original trustee. Unless the context otherwise requires, it includes a guardian, personal representative, assignee, or attaching creditor, of a party. It also includes a person identified as a trustee of an account for another whether or not a beneficiary is named, but it does not include any named beneficiary unless he has a present right of withdrawal.

“Payment” of a sum on deposit includes withdrawal, payment on check or other directive of a party, any pledge of a sum on deposit by a party, and any set-off or reduction or other disposition of all or part of an account pursuant to a pledge.

“Request” means a proper request for withdrawal, or a check or order for payment, which complies with all conditions of the account, including special requirements concerning necessary signatures and regulations of the financial institution; but if the financial institution conditions withdrawal or payment on advance notice, for purposes of this chapter the request for withdrawal or payment is treated as immediately effective and a notice of intent to withdraw is treated as a request for withdrawal.

“Sum on deposit” means the balance payable on a multiple-party account including interest, dividends, and in addition any life insurance proceeds added to the account by reason of the death of a party.

“Trust account” means an account in the name of one or more parties as trustee for one or more beneficiaries where the relationship is established by the form of the account and the deposit agreement with the financial institution and there is no subject of the trust other than the sum on deposit in the account; it is not essential that payment to the beneficiary be mentioned in the deposit agreement. A trust account does not include a regular trust account under a testamentary trust or a trust agreement which has significance apart from the account, or a fiduciary account arising from a fiduciary relation such as attorney-client.

“Withdrawal” includes payment to a third person pursuant to check or other directive of a party.

#### § 6302 Applicability of chapter.

The provisions of this chapter are applicable solely to the determination of property rights among parties to multiple-party accounts and all claims

made through them but do not apply to and do not affect financial institutions or their rights and liabilities with respect to multiple-party accounts, which shall be determined exclusively by applicable law other than this chapter. No right or claim against a financial institution may be based on this chapter. Nothing in this chapter shall affect the taxability of transfers under the act of June 15, 1961 (P.L.373, No.207), known as the "Inheritance and Estate Tax Act of 1961."

§ 6303. Ownership during lifetime.

(a) Joint account.—A joint account belongs, during the lifetime of all parties, to the parties in proportion to the net contributions by each to the sum on deposit, unless there is clear and convincing evidence of a different intent.

(b) Trust account.—Unless a contrary intent is manifested by the terms of the account or the deposit agreement or there is other clear and convincing evidence of an irrevocable trust, a trust account belongs beneficially to the trustee during his lifetime, and if two or more parties are named as trustees of the account during their lifetimes beneficial rights as between them are governed by subsection (a). If there is an irrevocable trust, the account belongs beneficially to the beneficiary.

§ 6304. Right of survivorship.

(a) Joint account.—Any sum remaining on deposit at the death of a party to a joint account belongs to the surviving party or parties as against the estate of the decedent unless there is clear and convincing evidence of a different intent at the time the account is created. If there are two or more surviving parties, their respective ownerships during lifetime shall be in proportion to their previous ownership interests under section 6303 (relating to ownership during lifetime) augmented by an equal per capita share for each survivor of any interest the decedent may have owned in the account immediately before his death; and the right of survivorship continues between the surviving parties.

(b) Trust account.—At the death of the trustee or the survivor of two or more trustees, any sum remaining on deposit belongs to the person or persons named as beneficiaries, if surviving, or to the survivor or survivors of them if one or more die before the trustee or last surviving trustee, unless there is clear and convincing evidence of a contrary intent; if two or more beneficiaries survive, there is no right of survivorship in event of death of any beneficiary thereafter unless the terms of the account or deposit agreement expressly provide for survivorship between them.

(c) Other cases.—In other cases, the death of any party to a multiple-party account has no effect on beneficial ownership of the account other than that the rights of the decedent become part of his estate.

(d) Change by will prohibited.—A right of survivorship arising from the express terms of an account or under this section, or a beneficiary designation in a trust account cannot be changed by will.

§ 6305. Form of account.

The applicability of the provisions of section 6304 (relating to right of survivorship) is determined by the form of the account at the death of a party.

§ 6306. Accounts and transfers nontestamentary.

No transfer resulting from the application of section 6304 (relating to right of survivorship) shall be considered as testamentary or subject to Chapter 21 (relating to intestate succession) or Chapter 25 (relating to wills).

Section 2. This act shall take effect September 1, 1976 and apply to any account created thereafter and to any account existing prior thereto when a contract of deposit concerning it is executed after September 1, 1976.

APPROVED—The 9th day of July, A. D. 1976.

MILTON J. SHAPP