

CHAPTER 528

MULTIPARTY ACCOUNTS

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528.01 CITATION.

Sections 528.01 to 528.15 may be cited as the Minnesota multiparty accounts act.

History: 1973 c 619 s 1; 1987 c 384 art 2 s 1

528.02 DEFINITIONS.

Subdivision 1. As used in sections 528.01 to 528.15, the terms defined in this section have the meanings given them.

Subd. 2. "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 arrangement.

Subd. 3. [Repealed, 1985 c 292 s 22]

Subd. 4. "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.

Subd. 5. "Joint account" means an account so designated, and any account payable on request to one or more of two or more parties and to the survivor of them.

Subd. 6. A "multiple-party account" means a joint account or a P.O.D. 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 person, corporation, unincorporated association, charitable or civic organization or a regular fiduciary or trust account where the relationship is established other than by deposit agreement.

Subd. 7. "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 the party, less all withdrawals made by or for the party 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 any proceeds of deposit life insurance added to the account by reason of the death of the party whose net contribution is in question.

Subd. 8. "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 P.O.D. payee is a party only after the account becomes payable by reason of the payee surviving the original party. Unless the context otherwise requires, it includes a guardian, conservator, personal representative, or assignee, including an 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 the beneficiary has a present right of withdrawal.

Subd. 9. "Payment" of sums on deposit includes withdrawal, payment on check or other directive of a party, and any pledge of sums 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.

Subd. 10. "Proof of death" includes (a) a certified or authenticated copy of a death certificate purporting to be issued by an official or agency of the place where the death purportedly occurred which shall be prima facie proof of the fact, place, date and time of death and the identity of the decedent, (b) a certified or authenticated copy of any record or report of any governmental agency, domestic or foreign, that a person is dead which shall be prima facie evidence of the fact, place, date and time of death and the identity of the decedent.

Subd. 11. "P.O.D. account" means an account payable on request to one or more parties and on the death of the parties to one or more P.O.D. payees. The term also 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 sums on deposit in the account. A P.O.D. account does not include a trust account established under a testamentary trust or inter vivos trust, or a fiduciary account arising from a fiduciary relationship such as attorney-client.

Subd. 12. "P.O.D. payee" means a person designated on a P.O.D. account as one to whom the account is payable on request after the death of one or more persons.

Subd. 13. "Request" means a proper request for withdrawals, 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 part 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.

Subd. 14. "Sums on deposit" means the balance payable on a multiple-party account including interest, dividends and, in addition, any deposit life insurance proceeds added to the account by reason of the death of a party.

Subd. 15. [Repealed, 1985 c 292 s 22]

Subd. 16. "Withdrawal" includes payment to a third person pursuant to check or other directive of a party.

History: 1973 c 619 s 2; 1985 c 292 s 9-11; 1986 c 444; 1987 c 384 art 2 s 1

528.03 OWNERSHIP AS BETWEEN PARTIES, AND OTHERS; PROTECTION OF FINANCIAL INSTITUTIONS.

The provisions of sections 528.04 to 528.06 concerning beneficial ownership as between parties, or as between parties and P.O.D. payees or beneficiaries of multiple-party accounts, are relevant only to controversies between these persons and their creditors and other successors, and have no bearing on the power of withdrawal of these persons as determined by the terms of account contracts. The provisions of sections 528.09 to 528.14 govern the liability of financial institutions who make payments pursuant thereto, and their setoff rights.

History: 1973 c 619 s 3

528.04 OWNERSHIP DURING LIFETIME.

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

(b) A P.O.D. account belongs to the original purchasing or depositing party during the party's lifetime and not to the P.O.D. payee or payees; if two or more parties are named as original parties, during their lifetimes, rights as between them are governed by clause (a).

History: 1973 c 619 s 4; 1985 c 292 s 12

528.05 RIGHT OF SURVIVORSHIP.

(a) Sums remaining on deposit at the death of a party to a joint account belong to the surviving party or parties as against the estate of the decedent unless there is clear and convincing evidence of a different intention, or there is a different disposition made by a valid will as herein provided, specifically referring to such account. If there are two or more surviving parties, their respective ownerships during lifetime shall be in proportion to their previous ownership interests under section 528.04 augmented by an equal share for each survivor of any interest the decedent may have owned in the account immediately before death; and the right of survivorship continues between the surviving parties. The interest so determined is also the interest disposable by will.

(b) If the account is a P.O.D. account, on the death of the original party or of the survivor of two or more original parties, any sums remaining on deposit belong to the P.O.D. payees if surviving, or to the survivor of them if one or more die before the surviving original party; if two or more P.O.D. payees survive, there is no right of survivorship in event of death of a P.O.D. payee thereafter unless the terms of the account or deposit agreement expressly provide for survivorship between them.

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

(d) A right of survivorship arising from the express terms of the account, or under this section, or under a P.O.D. payee designation, may be changed by specific reference by will, but the terms of such will shall not be binding upon any financial institution unless it has been given a notice in writing of a claim thereunder, in which event the deposit shall remain undisbursed until an order has been made by the probate court adjudicating the decedent's interest disposable by will.

History: 1973 c 619 s 5; 1985 c 292 s 13

528.06 EFFECT OF A WRITTEN NOTICE TO FINANCIAL INSTITUTION.

The provisions of section 528.05 as to rights of survivorship are determined by the form of the account at the death of a party. This form may be altered by written order given by a party to the financial institution to change the form of the account or to stop or vary payment under the terms of the account. The order or request must be signed by a party and received by the financial institution during the party's lifetime.

History: 1973 c 619 s 6; 1985 c 292 s 14

528.07 ACCOUNTS AND TRANSFERS NONTESTAMENTARY.

Any transfers resulting from the application of section 528.05 are effective by reason of the account contracts involved and this statute, and are not to be considered as subject to probate except as to the transfers expressly changed by will, as provided for by section 528.05, clause (d).

History: 1973 c 619 s 7; 1985 c 292 s 15

528.08 RIGHTS OF CREDITORS.

No multiple-party account will be effective against an estate of a deceased party to transfer to a survivor sums needed to pay debts, taxes, and expenses of administration, including statutory allowances to the surviving spouse, minor children and dependent children, if other assets of the estate are insufficient, to the extent the deceased party is the source of the funds or beneficial owner. A surviving party or P.O.D. payee who receives payment from a multiple-party account after the death of a deceased party shall be liable to account to the deceased party's personal representative for amounts the decedent owned beneficially immediately before death to the extent necessary to discharge any such claims and charges remaining unpaid after the application of the assets of the decedent's estate. No proceeding to assert this liability shall be commenced unless the personal representative has received a written demand by a surviving spouse, a creditor or one acting for a minor dependent child of the decedent, and no proceeding

shall be commenced later than two years following the death of the decedent. Sums recovered by the personal representative shall be administered as part of the decedent's estate. This section shall not affect the right of a financial institution to make payment on multiple-party accounts according to the terms thereof, or make it liable to the estate of a deceased party unless, before payment, the institution has been served with process in a proceeding by the personal representative.

History: 1973 c 619 s 8; 1985 c 292 s 16

528.09 FINANCIAL INSTITUTION PROTECTION; PAYMENT ON SIGNATURE OF ONE PARTY.

Financial institutions may enter into multiple-party accounts to the same extent that they may enter into single-party accounts. Any multiple-party account may be paid, on request, to any one or more of the parties. A financial institution shall not be required to inquire as to the source of funds received for deposit to a multiple-party account, or to inquire as to the proposed application of any sum withdrawn from an account.

A minor may be a party to a joint account.

History: 1973 c 619 s 9; 1985 c 292 s 17

528.10 FINANCIAL INSTITUTION PROTECTION; PAYMENT AFTER DEATH OR DISABILITY; JOINT ACCOUNT.

Any sums in a joint account may be paid, on request, to any party without regard to whether any other party is incapacitated or deceased at the time the payment is demanded; but payment may not be made to the personal representative or heirs of a deceased party unless proofs of death are presented to the financial institution showing that the decedent was the last surviving party or unless there is no right of survivorship under section 528.05, or unless a will provides other distribution; in which case the procedure set forth in section 528.05, clause (d), shall be followed. A minor may be a party to a joint account.

History: 1973 c 619 s 10; 1985 c 292 s 18

528.11 FINANCIAL INSTITUTION PROTECTION; PAYMENT OF P.O.D. ACCOUNT.

Any P.O.D. account may be paid, on request, to any original party to the account. Payment of the interest of a P.O.D. payee may be made, on request, to the P.O.D. payee or to the personal representative or heirs of a deceased P.O.D. payee upon presentation to the financial institution of proof of death showing that the P.O.D. payee survived all persons named as original parties. Payment may be made to the personal representative or heirs of a deceased original party if proof of death is presented to the financial institution showing that the original party was the survivor of all other persons named on the account either as an original party or as P.O.D. payee.

History: 1973 c 619 s 11; 1985 c 292 s 19

528.12 [Repealed, 1985 c 292 s 22]

528.13 FINANCIAL INSTITUTION PROTECTION; DISCHARGE.

Payment made pursuant to sections 528.09 to 528.11 discharges the financial institution from all claims for amounts so paid whether or not the payment is consistent with the beneficial ownership of the account as between parties, P.O.D. payees, or beneficiaries by will or otherwise, or their successors. The protection here given does not extend to payments made after a financial institution has received written notice from any person entitled to request payment to the effect that withdrawals in accordance with the terms of the account should not be permitted. Unless the notice is withdrawn by the person giving it, the successor of any deceased party and all other parties entitled to payment must concur in any demand for withdrawal if the financial institution is

to be protected under this section. No other notice or any other information shown to have been available to a financial institution shall affect its right to the protection provided here. The protection here provided shall not affect the rights of parties in disputes between themselves or their successors concerning the beneficial ownership of funds in, or withdrawn from, multiple-party accounts.

History: 1973 c 619 s 13; 1985 c 292 s 20

528.14 FINANCIAL INSTITUTION PROTECTION; SETOFF.

Without qualifying any other statutory right to setoff or lien and subject to any contractual provision, if a party to a multiple-party account is indebted to a financial institution, the financial institution has a right to setoff against the account in which the party has or had immediately before death a present right of withdrawal. The amount of the account subject to setoff is that proportion to which the debtor is, or was immediately before death, beneficially entitled, and in the absence of proof of net contributions, to an equal share with all parties having present rights of withdrawal.

History: 1973 c 619 s 14; 1986 c 444

528.15 FORMS.

Subdivision 1. Survivorship account. Deposits made using a form of account containing the following language signed by the depositor shall be conclusive evidence of the intent of the depositor, in the absence of fraud or misrepresentation, subject, nevertheless, to other disposition made by will as provided in section 528.05, clause (d), to establish a survivorship account:

(a) "I (we) direct that the balance remaining in this account shall be PAYABLE ON DEATH (of the survivor of us) to:

.....
.....
Signed:

Dated:"

(b) "I (we) intend and agree that the balance in this account, upon the death of any party to this account, shall belong to the surviving party, or if there are two or more surviving parties, they shall take as JOINT TENANTS.

Signed:

Dated:"

Subd. 2. Account subject to power of attorney with no survivorship rights. Where no rights of survivorship are intended and the account is one to be established for convenience only between a depositor and an agent, the following language is recommended for use, and when so used, the account shall be construed as a matter of law to be an account subject to a power of attorney with no survivorship rights, the form to read as follows:

"I (grantor of power), hereby constitute and appoint (grantee of power), as my attorney-in-fact, to deposit or withdraw funds held in (name of bank), in account No.

Signed:

Dated:

Acknowledgment: In the presence of (an authorized person), (name of financial institution)."

The power so granted is subject to the provisions of sections 508.72, 508A.72, and 523.01 to 523.25.

History: 1973 c 619 s 15; 1984 c 603 s 28; 1985 c 292 s 21; 1Sp1986 c 3 art 1 s 63

528.16 [Repealed, 1984 c 603 s 29]