



# S.9383 (Sanders) / A.9230-A (Wallace)

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<b>BILL</b> S.9383 (Sanders) / A.9230-A (Wallace)
<b>SUBJECT</b> Multiple Person Accounts
<b>DATE</b> May 22, 2024
<b>OPPOSE</b>

The Business Council strongly opposes S.9383 (Sanders) / A.9230-A (Wallace), which would create undue harm and chaos for New York banking consumers.

Joint accounts are held for a variety of reasons, including committed couples who have combined assets, parents adding their minor child to monitor and educate them on financial management, or parents who would like to provide their children with access to their account so that it transfers to them outside of probate after death. For the majority of customers, the existing joint account statute works. **And after 100 years of existing in Banking Law §675, New York consumers understand and expect that joint account holders are provided with a default right of survivorship.** This bill upends that law and existing common knowledge amongst consumers and will result in massive confusion and chaos for consumers.

There are some instances where a parent has added an adult child or caregiver to their bank account as a joint holder so they can assist with paying bills and managing expenses. Trouble has arisen in surrogacy courts because when the parent dies, the person named as the joint holder is legally entitled to the account, potentially removing inheritance from other heirs. **This is a problem where a solution already exists.** Rather than adding the adult child or caregiver as a joint account holder, a limited Power of Attorney could be issued, thus allowing the account to pass through probate.

The sponsors are trying to fix a small problem with a bill that will present numerous legal, practical, and administrative challenges for both banks and consumers. This legislation puts an enormous compliance matter in the hands of retail bank employees to explain this incredibly complicated *legal* matter that should be handled by estate planning attorneys. The operational burdens outlined in the bill are not solely held by banks, **but most of the burden is placed on the consumer who is advised to consult with an attorney prior to completing the new account signature card for each and every joint account**

they hold in New York State. Unless this account signature card is completed within a bank location, **each account signature card must be notarized and mailed back to the bank, a further inconvenience for consumers.**

For example, a committed couple has 3 joint accounts – a checking and savings with Bank A, which has local retail branches, and a separate savings account with Bank B, an online bank. To meet the consumer burdens of this bill, they would need to:

- Consult with an estate planning attorney for the most advisable way to complete their account signature card (as recommended by the account signature card form document in S.9383/A.A.9230A §678(d)); and
- Both account holders would need to complete the account signature card for their checking and savings account with Bank A in person during branch hours and separately locate a notary to complete and notarize the Bank B signature card; or
- Locate a notary and complete Bank A and Bank B account signature cards in the presence of a notary, have the documents notarized and mail it to the banks.

This is outrageously burdensome for any consumer and can become even more complex and time-consuming depending on the number of accounts.

Further, the bill fails to contemplate how a joint account should be treated if the customer never returns the account signature card. **This could be disastrous for a widowed spouse who could be left without access to their account because once the bank is notified of the death of an account holder, the account will be treated as tenancy in common and funds will be frozen.**

When consumers open a joint account, they expect convenience and that in the event of death, default right of survivorship to the joint account holder. This bill demolishes that desire in favor of probate, consumer confusion, and significant administrative and legal burdens.

This bill will create more problems than it will solve. The Business Council strongly urges the Legislature to reject S.9383 (Sanders) / A.9230-A (Wallace).