



**AN ACT CONCERNING DEPOSITS IN TRUST AT CREDIT UNIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-296 of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) (1) No bank, Connecticut credit union, or federal credit union  
4 shall establish any deposit or share account in which deposits or shares  
5 are to be held by one natural person in trust for another natural person  
6 unless the depositor provides the bank, Connecticut credit union, or  
7 federal credit union with the name and a residential address for the  
8 beneficiary, upon establishing the deposit or share account or  
9 thereafter at the request of the bank, Connecticut credit union, or  
10 federal credit union. The depositor may also provide the bank,  
11 Connecticut credit union, or federal credit union with a writing signed  
12 by the depositor specifying the terms of the trust under which such  
13 deposit or share account is to be held. Unless such writing specifies to  
14 the contrary, it shall be conclusively presumed that the depositor  
15 intends to create a trust of all funds credited to the deposit or share  
16 account from time to time upon the following terms: (A) The depositor  
17 during [his] the depositor's life may withdraw, or authorize charges  
18 against, such funds; (B) if the depositor survives the named  
19 beneficiary, the named beneficiary's death shall terminate the trust and  
20 title to the deposit or share account shall thereupon vest in the  
21 depositor free and clear of the trust; (C) if the named beneficiary

22 survives the depositor, the depositor's death shall terminate the trust  
23 and title to the deposit account or share account, subject to any  
24 membership restrictions for Connecticut credit unions or federal credit  
25 unions, shall thereupon vest in the named beneficiary free and clear of  
26 the trust. (2) Any bank, Connecticut credit union, or federal credit  
27 union shall be fully protected in making payment of any moneys  
28 credited to such deposit or share account in accordance with the terms  
29 of such signed writing or, in the event such writing does not specify to  
30 the contrary, in accordance with the presumptions contained in this  
31 subsection that are applicable, and the title of any person to any  
32 moneys credited to such deposit or share account and the effect of such  
33 signed writing with respect to the deposit or share account or, in the  
34 event such writing does not specify to the contrary, the effect of the  
35 presumptions contained in this subsection shall not be denied,  
36 abridged or in any way affected because such signed writing was not  
37 executed in accordance with, or otherwise fails to comply with, the  
38 laws of this state prescribing the requirements to effect a valid  
39 testamentary disposition of property or because of any absence of  
40 delivery or compliance with other requirements to effect a valid gift or  
41 transfer in trust. (3) The provisions of this subsection do not apply to  
42 deposit or share accounts accompanied by a writing of the type  
43 described in subsection (b) of this section or to any deposit or share  
44 account opened primarily for business or professional purposes,  
45 including, but not limited to, escrow accounts, trust accounts and  
46 clients' funds accounts.

47 (b) In the case of a deposit or share account established or  
48 maintained with a bank, Connecticut credit union, or federal credit  
49 union by a trustee under a will or trust agreement or under the terms  
50 of some other written document, or by a trustee pursuant to statute or  
51 order of a court, the trustee shall provide the bank, Connecticut credit  
52 union, or federal credit union with a writing identifying such will,  
53 agreement, other written document, statute or order; and any moneys  
54 credited to a deposit or share account with respect to which the trustee  
55 has filed such a writing shall be paid only to or upon the order of such

56 trustee or of the successor trustee. If the trustee is serving in such  
57 capacity under a will, trust agreement or other written document, a  
58 certified copy of such document shall be filed by the depositor if at any  
59 time requested by the bank, Connecticut credit union, or federal credit  
60 union but such bank, Connecticut credit union, or federal credit union  
61 shall not be charged with notice, actual or constructive, of the contents  
62 of such will, trust agreement, or other written document. Such bank,  
63 Connecticut credit union, or federal credit union shall be fully  
64 protected in paying over any moneys credited to such deposit or share  
65 account to or upon the order of the trustee establishing or maintaining  
66 the deposit or share account or the successor trustee and shall be under  
67 no duty to inquire into the application of funds so paid.

68 (c) (1) Subsection (a) of this section applies to all deposit accounts  
69 governed by its provisions established [(1)] (A) on or after June 13,  
70 1963, and [(2)] (B) prior to that date if the depositor when establishing  
71 such deposit account or at any time thereafter provides a writing  
72 meeting the requirements of subsection (a) of this section. Subsection  
73 (b) of this section applies to all deposit accounts governed by its  
74 provisions whether such deposit accounts were established prior to  
75 June 13, 1963, or are established on or after that date.

76 (2) Subsection (a) of this section applies to all share accounts  
77 governed by its provisions which are established at Connecticut credit  
78 unions and federal credit unions (A) on or after October 1, 2001, and  
79 (B) prior to that date if the depositor when establishing such share  
80 account or at any time thereafter provides a writing meeting the  
81 requirements of subsection (a) of this section. Subsection (b) of this  
82 section applies to all share accounts governed by its provisions  
83 whether such share accounts were established prior to October 1, 2001,  
84 or are established on or after that date.

85 Sec. 2. Section 36a-446 of the general statutes is repealed and the  
86 following is substituted in lieu thereof:

87 (a) The capital of a Connecticut credit union shall consist of the net

88 payments on shares made to it by its members.

89 (b) The par value of shares shall be five dollars or any multiple  
90 thereof, except that any Connecticut credit union in existence on May  
91 23, 1969, having a par value of shares other than as set forth in this  
92 subsection shall not be required to change such par value by virtue of  
93 the requirements of this subsection.

94 (c) Payments on shares including membership shares or parts of  
95 shares may be received at any time. Payments on shares and parts of  
96 shares with the exception of membership shares may be withdrawn in  
97 accordance with the bylaws and in accordance with the Deposit  
98 Account Contract Act except that the governing board may require  
99 members to give sixty days' notice of intention to withdraw the whole  
100 or any part of their shares or payments on shares.

101 (d) When a share account in a Connecticut credit union has been  
102 established by or in the name of a minor or in the name of two persons,  
103 one or both of whom are minors, and payable to either or to the  
104 survivor, the share account shall be held for the exclusive right and  
105 benefit, including the privilege of pledge or assignment, of such minor  
106 or minors, and shall be free from the control or lien of all other persons  
107 except creditors. The share account shall be paid, together with  
108 dividends or interest thereon, to the person or persons in whose name  
109 the share account is held. The receipt of the person paid shall be a  
110 sufficient and valid release to such credit union for such share account  
111 or any part thereof.

112 [(e) No Connecticut credit union may issue shares to or receive  
113 payments on shares from one person in trust for another unless  
114 accompanied by a statement signed by the member giving the name  
115 and residence of the beneficiary and setting forth to whom the  
116 principal and interest or dividends on such shares belong. Unless  
117 provision is made to the contrary in such statement, the shares may, on  
118 the death of the trustee, be paid to the beneficiary and the Connecticut  
119 credit union shall be fully protected in making the payment. In the

120 case of a trust created by deed, will or other instrument, a certified  
121 copy of the instrument establishing the trust shall be filed by the  
122 member if at any time requested by the Connecticut credit union.]

123 [(f)] (e) A Connecticut credit union may, with the written approval  
124 of the commissioner and subject to applicable restrictions of state and  
125 federal law, receive from members payments on shares that will  
126 comprise the assets of an individual retirement account established by  
127 such member as authorized by Section 408 of the Internal Revenue  
128 Code of 1986, or any subsequent corresponding internal revenue code  
129 of the United States, as from time to time amended, or of a Keogh or  
130 similar type retirement plan established by or for such member as  
131 authorized by Section 401(d) of the Internal Revenue Code of 1986, or  
132 any subsequent corresponding internal revenue code of the United  
133 States, as from time to time amended, or of a retirement plan  
134 established by or for such member as authorized by Section 401(k) of  
135 the Internal Revenue Code of 1986, or any subsequent corresponding  
136 internal revenue code of the United States, as from time to time  
137 amended. Payments on shares shall be established in a separate  
138 account from the shares of the member, and shall not be subject to  
139 pledge to secure loans by the Connecticut credit union to the member  
140 nor available for set-off by the Connecticut credit union if the member  
141 defaults on a loan. Such shares shall be treated as under separate  
142 ownership for purposes of applying any limit imposed by sections  
143 36a-435 to 36a-475, inclusive, on the maximum amount of shares  
144 owned by a member. Otherwise, these shares are subject to all of the  
145 provisions of said sections relating to shares.

146 [(g)] (f) A Connecticut credit union may, by written agreement,  
147 receive payments on shares which the member agrees not to withdraw  
148 within the time period specified in the agreement. Premature  
149 withdrawal shall be subject to such penalties as the commissioner may  
150 prescribe by regulation, adopted in accordance with chapter 54, except  
151 where withdrawal occurs on the member's death or disability,  
152 liquidation of the Connecticut credit union or the occurrence of any  
153 other condition the commissioner may prescribe by such regulation.

154 The commissioner may by such regulation establish the minimum  
155 amount of any such payment on shares which may be subject to such  
156 written agreement, the maximum interest rate or rates which may be  
157 paid thereon and the time periods for which such rate or rates may be  
158 paid. Dividends may be paid at a rate established by such regulation.

159 ~~[(h)]~~ (g) A Connecticut credit union may receive payments on  
160 shares, not exceeding one hundred thousand dollars in the aggregate,  
161 from a nonmember who is: (1) An officer, employee or agent of the  
162 United States, having official custody of public funds and lawfully  
163 investing such funds in the Connecticut credit union; or (2) an officer,  
164 employee or agent of the state of Connecticut or of any municipality or  
165 other political subdivision thereof having official custody of public  
166 funds and lawfully investing such funds in the Connecticut credit  
167 union.

168 ~~[(i)]~~ (h) Except as provided in this subsection, all Connecticut credit  
169 unions shall maintain in full force and effect share insurance as  
170 provided under the Federal Credit Union Act, as from time to time  
171 amended. Any Connecticut credit union that fails to maintain in full  
172 force and effect share insurance as provided in this section shall  
173 terminate its corporate existence in this state as promptly as possible  
174 under such terms and conditions as the commissioner deems  
175 appropriate.

176 Sec. 3. Subdivision (18) of section 36a-316 of the general statutes is  
177 repealed and the following is substituted in lieu thereof:

178 (18) "Time account" means (A) a deposit account with a maturity of  
179 at least seven days in which the depositor generally does not have a  
180 right to make withdrawals for six days after the account is opened,  
181 unless the deposit is subject to an early withdrawal penalty of at least  
182 seven days' interest on amounts withdrawn, and (B) a Connecticut  
183 credit union member's payment on shares which such member agrees  
184 in writing not to withdraw within the time period stated therein as  
185 described in subsection ~~[(g)]~~ (f) of section 36a-446.

**Statement of Legislative Commissioners:**

In section 1, "on or" was inserted before "after". Section 3 was added to reflect an internal reference change.

**BA**        *JOINT FAVORABLE SUBST.*