
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2888 Session of
1996

INTRODUCED BY DeLUCA, THOMAS, TIGUE, OLASZ, GEIST, COLAIZZO,
BOSCOLA, MICOZZIE, CORRIGAN, ROBERTS, STEELMAN, FAIRCHILD,
SHANER, ITKIN, GIGLIOTTI, TRELLO AND L. I. COHEN,
SEPTEMBER 25, 1996

REFERRED TO COMMITTEE ON JUDICIARY, SEPTEMBER 25, 1996

AN ACT

1 Amending Title 20 (Decedents, Estates and Fiduciaries) of the
2 Pennsylvania Consolidated Statutes, providing for transfer on
3 death security registration.

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

6 Section 1. Title 20 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 74

9 TRANSFER ON DEATH SECURITY REGISTRATION

10 7401. Short title of chapter.

11 7402. Definitions.

12 7403. Type of ownership.

13 7404. Registration in beneficiary form.

14 7405. Origination of registration in beneficiary form.

15 7406. Form of registration in beneficiary form.

16 7407. Effect of registration in beneficiary form.

17 7408. Ownership on death of owner.

1 7409. Protection of registering entity.

2 7410. Nontestamentary transfer on death.

3 7411. Terms of registration.

4 7412. Rules of construction.

5 § 7401. Short title of chapter.

6 This chapter shall be known and may be cited as the Transfer
7 on Death Security Registration Act.

8 § 7402. Definitions.

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

12 "Beneficiary form." A registration of a security which
13 indicates the present owner of the security and the intention of
14 the owner regarding the person who will become the owner of the
15 security upon the death of the owner.

16 "Devisee." Any person designated in a will to receive a
17 disposition of real or personal property.

18 "Heirs." Those persons, including the surviving spouse, who
19 are entitled under the statutes of intestate succession to the
20 property of a decedent.

21 "Person." An individual, a corporation, an organization or
22 other legal entity.

23 "Personal representative." Includes executor, administrator,
24 successor personal representative, special administrator and
25 persons who perform substantially the same function under the
26 law governing their status.

27 "POD." Pay on death.

28 "Property." Includes both real and personal property or any
29 interest therein and means anything that may be the subject of
30 ownership.

1 "Register." Including its derivatives, the term means to
2 issue a certificate showing the ownership of a certificated
3 security or, in the case of an uncertificated security, to
4 initiate or transfer an account showing ownership of securities.

5 "Registering entity." A person who originates or transfers a
6 security title by registration and includes a broker maintaining
7 security accounts for customers and a transfer agent or other
8 person acting for or as an issuer of securities.

9 "Security." A share, participation or other interest in
10 property, in a business or in an obligation of an enterprise or
11 other issuer and includes a certificated security, an
12 uncertificated security and a security account.

13 "Security account." Includes the following:

14 (1) A reinvestment account associated with a security, a
15 securities account with a broker, a cash balance in a
16 brokerage account, cash, interest, earnings or dividends
17 earned or declared on a security in an account, a
18 reinvestment account or a brokerage account, whether or not
19 credited to the account before the owner's death.

20 (2) A cash balance or other property held for or due to
21 the owner of a security as a replacement for or product of an
22 account security, whether or not credited to the account
23 before the owner's death.

24 "State." Includes any state of the United States, the
25 District of Columbia, the Commonwealth of Puerto Rico and any
26 territory or possession subject to the legislative authority of
27 the United States.

28 "TOD." Transfer on death.

29 § 7403. Type of ownership.

30 (a) Sole ownership.--Only individuals whose registration of

1 a security shows sole ownership by one individual or multiple
2 ownership by two or more with right of survivorship, rather than
3 as tenants in common, may obtain registration in beneficiary
4 form.

5 (b) Joint tenancy ownership.--Multiple owners of a security
6 registered in beneficiary form hold as joint tenants with right
7 of survivorship, as tenants by the entireties or as owners of
8 community property held in survivorship form and not as tenants
9 in common.

10 § 7404. Registration in beneficiary form.

11 A security may be registered in beneficiary form if the form
12 is authorized by this or a similar statute of the state of
13 organization of the issuer or registering entity, the location
14 of the registering entity's principal office, the office of its
15 transfer agent or its office making the registration or this or
16 a similar statute of the law of the state listed as the owner's
17 address at the time of registration. A registration governed by
18 the law of a jurisdiction in which this or similar legislation
19 is not in force or was not in force when a registration in
20 beneficiary form was made is nevertheless presumed to be valid
21 and authorized as a matter of contract law.

22 § 7405. Origination of registration in beneficiary form.

23 A security, whether evidenced by certificate or account, is
24 registered in beneficiary form when the registration includes a
25 designation of a beneficiary to take the ownership at the death
26 of the owner or the deaths of all multiple owners.

27 § 7406. Form of registration in beneficiary form.

28 Registration in beneficiary form may be shown by the words
29 "transfer on death" or the abbreviation "TOD," or by the words
30 "pay on death" or the abbreviation "POD," after the name of the

1 registered owner and before the name of a beneficiary.

2 § 7407. Effect of registration in beneficiary form.

3 The designation of a TOD beneficiary on a registration in
4 beneficiary form has no effect on ownership until the owner's
5 death. A registration of a security in beneficiary form may be
6 canceled or changed at any time by the sole owner or all then
7 surviving owners without the consent of the beneficiary.

8 § 7408. Ownership on death of owner.

9 On death of a sole owner or the last to die of all multiple
10 owners, ownership of securities registered in beneficiary form
11 passes to the beneficiary or beneficiaries who survive all
12 owners. On proof of death of all owners and compliance with any
13 applicable requirements of the registering entity, a security
14 registered in beneficiary form may be reregistered in the name
15 of the beneficiary or beneficiaries who survived the death of
16 all owners. Until division of the security after the death of
17 all owners, multiple beneficiaries surviving the death of all
18 owners hold their interests as tenants in common. If no
19 beneficiary survives the death of all owners, the security
20 belongs to the estate of the deceased sole owner or the estate
21 of the last to die of all multiple owners.

22 § 7409. Protection of registering entity.

23 (a) General rule.--A registering entity is not required to
24 offer or to accept a request for security registration in
25 beneficiary form. If a registration in beneficiary form is
26 offered by a registering entity, the owner requesting
27 registration in beneficiary form assents to the protections
28 given to the registering entity by this chapter.

29 (b) Implied agreement.--By accepting a request for
30 registration of a security in beneficiary form, the registering

1 entity agrees that the registration will be implemented on death
2 of the owner as provided in this chapter.

3 (c) Discharge.--A registering entity is discharged from all
4 claims to a security by the estate, creditors, heirs or devisees
5 of a deceased owner if it registers a transfer of the security
6 in accordance with section 7408 (relating to ownership on death
7 of owner) and does so in good faith reliance upon the following:

8 (1) The registration.

9 (2) This chapter.

10 (3) Information provided to it by affidavit of the
11 personal representative of the deceased owner or by the
12 surviving beneficiary or by the surviving beneficiary's
13 representatives, or other information available to the
14 registering entity.

15 The protections of this chapter do not extend to a
16 reregistration or payment made after a registering entity has
17 received written notice from any claimant to any interest in the
18 security objecting to implementation of a registration in
19 beneficiary form. No other notice or other information available
20 to the registering entity affects its right to protection under
21 this chapter.

22 (d) Rights of beneficiaries.--The protection provided by
23 this chapter to the registering entity of a security does not
24 affect the rights of beneficiaries in disputes between
25 themselves and other claimants to ownership of the security
26 transferred or its value or proceeds.

27 § 7410. Nontestamentary transfer on death.

28 (a) General rule.--A transfer on death resulting from a
29 registration in beneficiary form is effective by reason of the
30 contract regarding the registration between the owner and the

1 registering entity and this chapter and is not testamentary.

2 (b) Rights of certain creditors.--This chapter does not
3 limit the rights of creditors of security owners against
4 beneficiaries and other transferees under other laws of this
5 Commonwealth.

6 § 7411. Terms of registration.

7 (a) General rule.--A registering entity offering to accept
8 registrations in beneficiary form may establish the terms and
9 conditions under which it will receive requests for
10 registrations in beneficiary form and for implementation of
11 registrations in beneficiary form, including requests for
12 cancellation of previously registered TOD beneficiary
13 designations and requests for reregistration to effect a change
14 of beneficiary. The terms and conditions so established may
15 provide for proving death, avoiding or resolving any problems
16 concerning fractional shares, designating primary and contingent
17 beneficiaries and substituting a named beneficiary's descendants
18 to take in the place of the named beneficiary in the event of
19 the beneficiary's death. Substitution may be indicated by
20 appending to the name of the primary beneficiary the letters
21 "LDPS," standing for "lineal descendants per stirpes." This
22 designation substitutes a deceased beneficiary's descendants who
23 survive the owner for a beneficiary who fails to so survive, the
24 descendants to be identified and to share in accordance with the
25 law of the beneficiary's domicile at the owner's death governing
26 inheritance by descendants of an intestate. Other forms of
27 identifying beneficiaries who are to take on one or more
28 contingencies and rules for providing proofs and assurances
29 needed to satisfy reasonable concerns by registering entities
30 regarding conditions and identities relevant to accurate

1 implementation of registrations in beneficiary form may be
2 contained in a registering entity's terms and conditions.

3 (b) Illustrations.--The following are illustrations of
4 registrations in beneficiary form which a registering entity may
5 authorize:

6 (1) Sole owner-sole beneficiary: John S. Brown TOD (or
7 POD) John S. Brown Jr.

8 (2) Multiple owners-sole beneficiary: John S. Brown,
9 Mary B. Brown JT TEN TOD John S. Brown Jr.

10 (3) Multiple owners-primary and secondary (substituted)
11 beneficiaries: John S. Brown, Mary B. Brown JT TEN TOD, John
12 S. Brown Jr., SUB BENE Peter Q. Brown or John S. Brown, Mary
13 B. Brown JT TEN TOD, John S. Brown Jr. LDPS.

14 § 7412. Rules of construction.

15 This chapter shall be liberally construed and applied to
16 promote its underlying purposes and policy and to make uniform
17 the laws with respect to the subject of this chapter among
18 states enacting it. Unless displaced by the particular
19 provisions of this chapter, the principles of law and equity
20 supplement its provisions.

21 Section 2. This act shall take effect in 90 days.