

What to do when a loved one dies: Guide to Account Settlement



The Credit Union understands that as you are dealing with the loss of a loved one, you are also confronted with the sometimes daunting task of handling your loved one's final affairs. Your Credit Union is sympathetic and is here to assist you during this difficult time.

Upon contacting the local branch or 24/7 Member Services, personnel will review the deceased member's accounts to help determine the best course of action for prompt account settlement with the Credit Union.

Frequently Asked Questions

Deposit Accounts

1. *What documentation is needed to close an account or obtain information on an individual account in the name of the decedent?*

Regarding individual accounts owned by the decedent, the only person who can close an account or obtain information is someone specifically appointed by the Clerk of Superior Court to handle the affairs of a deceased person. The Clerk of Superior Court will provide documentation to the person, naming them in an official capacity. This documentation could vary depending on the specific situation, but will be evaluated by the Credit Union to determine the best way to handle a decedent's individual accounts.

2. *If the decedent's accounts were joint, what are the next steps for the surviving owner(s)?*

All joint accounts with the Credit Union are held as joint with right of survivorship. Therefore, upon the death of one owner, the surviving owner(s) will still have access to the accounts. If the decedent's joint account had beneficiaries listed, the beneficiaries do not have any claim to the funds as long as there is a surviving account owner. Beneficiaries of a joint account are only authorized to receive funds upon the death of all account owners. For accounting purposes, the surviving owner(s) should either close the joint accounts and open new accounts or present a certified copy of the member's death certificate to remove the decedent's name from the accounts. If there is more than one surviving owner on the account, all surviving owners will continue to have access to the account. If the surviving owners wish to keep the account, the decedent's name would need to be removed and all surviving owners would need to sign a new account signature form. Any surviving owner can update the address on the accounts and order new checks if necessary. However, old checks can continue to be used.

3. *How long can a deceased person's accounts remain open with the Credit Union?*

Typically, accounts should be closed or the decedent's name removed as soon as possible to avoid potential tax complications. It may be beneficial to consult an estate planning attorney prior to making changes to the decedent's accounts. The Credit Union will continue to report earned dividends to the Internal Revenue Service (IRS) under the decedent's Social Security Number (SSN). Generally, unclaimed accounts will eventually be escheated (surrendered) to the State Treasury department after 5 years of inactivity.

4. *What happens to automated payments being withdrawn from the decedent's accounts?*

If the accounts are individual, any payments, such as insurance or utilities payments, being made from the decedent's existing accounts should be stopped and arrangements should be made by the personal representative for these items to be discontinued or paid from other sources. If the accounts are joint, the surviving owner should decide whether the automated payments should continue.

5. What should be done if the decedent had a direct deposit coming to the Credit Union?

First, notify all institutions paying direct deposits of the member's death to avoid potential complications. Depending on the paying institution, the estate may be entitled to the amount of the deposit. Contact the appropriate institution for instructions.

6. What happens to automated retirement or Social Security payments after the death of a loved one?

Typically, automated retirement payments are the property of the estate if the decedent lived at least one day of the month in which the funds were deposited. If an automated deposit is received on or after the date of death from a federal paying agency, such as the Social Security Administration or Department of Veterans Affairs, the funds may need to be returned to the paying institution. Automated Social Security deposits must be returned if the decedent does not live out the entire month of the deposit; however, the personal representative can contact the Social Security Administration to determine whether the funds will be available to the estate. (See #35 for contact information.)

7. Can the decedent's debit card continue to be used? What if the accounts were held as joint with right of survivorship?

Once a cardholder is deceased, his or her card should not be used and should be cancelled. Since cards are issued to individuals, not to specific accounts, if the accounts were held as joint with right of survivorship, the surviving owner will still have access to the accounts with his or her own card. (All joint accounts with the Credit Union are held as joint with right of survivorship.)

8. Since the decedent has accounts with the Credit Union, can checks payable to the decedent or the decedent's estate be deposited to those accounts?

No. Checks payable to the decedent cannot be deposited to any accounts owned by the decedent. Items payable to the decedent must be negotiated by someone authorized by the Clerk of Superior Court to handle the estate. Transactions should not continue to be made on an account owned individually by a decedent. Any such accounts should be closed as soon as possible. It would also be inappropriate to deposit a check payable to the decedent or the estate of the decedent to any joint account where the decedent was an owner. Checks payable to the decedent or to the decedent's estate should be deposited only to an estate account. The Clerk of Superior Court will issue documentation allowing a specific person to access funds owned by the decedent. Any checks made payable to the decedent or the estate should be presented with appropriate documentation from the Clerk of Superior Court.

9. What documentation is needed for a beneficiary to close a Payable on Death (POD) account?

A named beneficiary would need to present unexpired government issued identification and a certified copy of the death certificate to close a Payable on Death (POD) account owned by a decedent. The most convenient way to handle the account is for all beneficiaries to be present at the time of closing. Should one or more of the beneficiaries be unable to come to the branch, a notarized letter of instruction regarding those shares of the funds would be acceptable.

10. The decedent had several share term certificates (STCs) with favorable interest rates. Will the estate be penalized for closing the STCs before the maturity date?

No. The estate will not be subject to the early withdrawal penalty that is normally charged when closing STCs before the maturity date.

11. Can an STC owned by the decedent be transferred to the estate or to a Payable on Death (POD) beneficiary to benefit from the original interest rate?

Yes. The STC can be transferred into either the name of the estate or the name of the POD beneficiary.

12. How should the decedent's Individual Retirement Accounts (IRA's) with the Credit Union be handled?

First, notify the named beneficiary of the decedent's IRA. If it is determined that there are no named beneficiaries, the funds will be paid to the estate. The named beneficiary could be a natural person (spouse or non-spouse) or an entity (charity, trust or estate). Once the named beneficiary presents the member's death certificate and signs an IRA Withdrawal Request form, the decedent's IRA will be closed and distributed as instructed. Each beneficiary may choose his or her distribution option, which could include:

- Lump sum
- 5 year rule
- Single life expectancy
- Transfer to own IRA (surviving spouses only)

There are specific tax implications associated with each of these distribution options. Special consideration should be taken when determining the best course of action for the distribution of an IRA. For more information regarding distribution options, contact your local branch or 24/7 Member Services and speak with a Financial Services Officer.

Estate Accounts

13. Does an estate account have to be opened?

Not necessarily. Depending on the type of documentation issued by the Clerk of Superior Court, the person appointed to handle the affairs of the decedent may be required to open an estate account.

14. The personal representative is not a member of the Credit Union, but the decedent was a member with accounts prior to death. Can estate accounts be opened with the Credit Union?

Yes. If the decedent was a member at the time of his or her death, the estate is eligible for membership, regardless of whether the personal representative is a member. If the decedent was not a member at death, but was eligible for membership, the estate is not eligible to open an account at the Credit Union. If the personal representative of the estate is a member, but the decedent was not a member, the estate is not eligible to open an account at the Credit Union.

15. A will was found among the decedent's personal belongings. Can it be brought directly to the Credit Union since an executor is named in the document?

No. Wills and other testamentary documents should be presented to the Clerk of Superior Court for probate. The Credit Union will only accept official Clerk of Court documentation that appoints a specific person to handle any accounts or safe deposit boxes held at the Credit Union.

16. Do all personal representatives have to be present to open estate accounts? What documentation is needed to open an estate account?

No. All personal representatives do not have to be present to open estate accounts although the signature of each appointed personal representative must be collected on the account opening paperwork before the estate account can be opened. If all personal representatives cannot be present in the branch together, signatures and any other required information may be able to be obtained by mail. To open an estate account, specific Clerk of Superior Court documentation is required (Letters Testamentary, Letters of Administration, etc.). The Credit Union will help to determine whether appropriate documentation has been issued to open an estate account. An Employer Identification Number (EIN) is required to identify the estate for tax purposes. The decedent's SSN cannot be used for estate accounts. Credit Union personnel can assist the personal representative in obtaining an EIN for the estate.

17. Does a share account have to be opened for the decedent's estate?

Yes. The estate itself must become a member of the Credit Union by opening a base share account.

18. Can the personal representative view the estate accounts online?

Yes. An access number for the estate accounts can be issued to the personal representative upon request. This number will allow online and voice access.

19. How long can an estate account remain open?

An estate account can remain open as long as the estate has not been settled with the Clerk of Superior Court. If an estate account has no activity for 5 years, it will be escheated (surrendered) to the North Carolina Department of State Treasurer.

20. Certified letters of appointment have been obtained from a state other than North Carolina. What is the procedure for handling Credit Union accounts for members who resided outside of North Carolina?

Certified copies of the death certificate and letters of appointment are required to handle Credit Union accounts for a member who resided outside of North Carolina. If it has not been 60 days since the member died, the personal representative may wait for the 60 day period to end and complete the *Affidavit for Out-of-State Decedent* which must be signed by the personal representative in the presence of a Notary Public. If the waiting period is not feasible, the personal representative also has the option to begin an estate administration in North Carolina with the Clerk of Superior Court. Upon receipt of appropriate documentation, a cashier's check for the assets with the Credit Union will be made payable to the estate of the decedent and delivered to the personal representative.

21. My loved one John has been deceased for several years and a check payable to him just arrived in the mail. How can this check be negotiated since the estate with the Clerk of Superior Court was settled long ago?

If an estate has already been settled with the Clerk of Superior Court by filing a final accounting, the estate must be re-opened prior to negotiating any funds in the name of the decedent or the estate. The Clerk of Superior Court must be notified of any additional funds received on behalf of the estate. The Clerk will ensure that the funds are distributed appropriately. In this situation, new or amended documentation must be obtained from the Clerk of Superior Court in order to appoint a person to negotiate any funds received after the estate was settled.

22. If more than one personal representative has been appointed by the Clerk of Superior Court, do all personal representatives have to be present to close estate accounts?

After the estate accounts are opened at the Credit Union, generally only one personal representative is required to perform transactions or close the estate accounts.

Fiduciary Responsibilities

23. An Attorney-in-Fact was appointed through a Power of Attorney document by the decedent. Can the Attorney-in-Fact still perform transactions on the decedent's accounts?

No. Powers granted within a Power of Attorney document cease at the death of the principal.

24. The decedent was the custodian of a Uniform Transfers to Minors (UTMA) account. Who is the new custodian?

The decedent may have designated a successor custodian on the account signature form. If not, a new custodian would be determined according to state law. For more information regarding custodian succession, contact a local branch office or 24/7 Member Services.

Credit Union Investment Services (CUIS) Accounts

25. How should the decedent's investment accounts with Credit Union Investment Services be handled?

The Investment Representative listed on the most recent statement will assist with closing or restructuring the accounts. If a statement cannot be located, Credit Union personnel can offer assistance in getting in touch with a local Investment Representative.

26. How should the decedent's Individual Retirement Account (IRA) with Credit Union Investment Services be handled?

Once CUIS has been notified of the death of an account holder a note will be placed on the account and dividend and capital gain reinvestments will be turned off. If the Investment Representative has not been contacted by a beneficiary, CUIS will send a letter to each beneficiary describing the options available to them.

27. What documentation is needed to assist a beneficiary with closing out the decedent's CUIS IRA?

In order to assist with closing or transferring assets to beneficiaries of inherited IRAs, CUIS will need a copy of the death certificate and a letter of authorization for asset movement.

28. How should the decedent's individual retail account with CUIS be handled?

As with IRAs, a note will be placed on the account and dividend and capital gain reinvestments will be turned off. An Investment Representative will open an estate account. A copy of the death certificate, an affidavit of domicile, Letters Testamentary (or other appropriate Clerk documentation) and a letter of authorization will be needed in order to assist the executor and/or executrix of the estate with closing the account.

29. How should the decedent's joint retail account with CUIS be handled?

As with IRAs, a note will be placed on the account and dividend and capital gain reinvestments will be turned off. An Investment Representative can assist the joint owner with transferring the assets to an individual account. A copy of the death certificate, affidavit of domicile, and letter of authorization will be needed to process any asset movement to the new account.

30. Are Investment Representatives available to assist with inherited funds?

Investment Representatives are also available throughout the branch network and can offer advice on what to do with inherited funds and reinvestment of assets.

Miscellaneous

31. The decedent leased a safe deposit box. What is the procedure for closing the box? What if it was leased jointly with another person?

A qualified person (designated co-lessee, designated deputy, clerk of court, or someone appointed with a letter of authority) may access the box after the death of the lessee to complete an inventory of the box with the assistance of Credit Union personnel. A co-lessee or deputy is only considered "designated" if he or she signed the Lease Agreement to accept the appointment prior to the death of the member. The inventory must be submitted to the Clerk of Superior Court. The contents of the box may be released to a qualified person.

If the box is held individually by the decedent, the box can be leased to the estate of the decedent by signing a new lease agreement. If the box was leased jointly with another individual, the box can continue to be rented by any surviving co-lessee(s). After completing the inventory, the co-lessee(s) should sign new documentation to hold the box individually or with another person. Changing the authorized signers on a box does not affect the ownership of the contents.

32. The decedent had personal loans and credit cards with the Credit Union. How should they be handled?

Credit Union personnel will determine whether any loans were covered by credit life insurance. If so, a certified copy of the death certificate will be used to file a claim which will pay off or partially pay the loan. If no credit life insurance was purchased by the decedent, the loan balance should be paid from the decedent's estate. The remaining balance of credit cards should also be paid from the decedent's estate.

33. I joined the Credit Union through the decedent. Am I still a member?

Yes. Once you become a member of the Credit Union, you are a member as long as you maintain a base share account. Therefore, if you joined through a deceased member during his or her life, you are still a member. If a joint owner of an account dies, the surviving owner remains a member.

34. I would like to join the Credit Union. Are family members still eligible for membership once a loved one dies?

Maybe. The un-remarried spouse of a person who died while in the field of membership remains eligible for membership. Other family members are not eligible through the decedent. For more information on membership eligibility, visit the Credit Union website at www.ncsecu.org.

35. How do I contact the Social Security Administration, Veterans Affairs, or NC State Retirement System concerning survivor benefits?

- Social Security Administration – 800-772-1213 or online at www.ssa.gov
- North Carolina Retirement System – 877-627-3287
- US Department of Veterans Affairs – 800-827-1000

36. Can the Credit Union assist the personal representative or spouse with the decedent's final personal tax return?

Yes. Although the Credit Union does not prepare form 1041 estate tax returns, in some situations, a final form 1040 personal tax return for the decedent can be filed with the assistance of qualified branch personnel. To find out if the decedent's tax return can be completed with the assistance of the Credit Union, contact a local branch and ask to speak to a Tax Preparer.

37. Is there a department at the Credit Union that can answer questions about complex situations?

Yes. The Trust Services department specializes in estate planning and complex deposit products and assists branch personnel with these matters. Please contact your local branch for assistance with deposit services. For assistance with estate planning, contact the local branch and ask to speak with a Trust Representative.

38. Can the Credit Union assist with my estate planning needs?

Yes. Sometimes the death of a loved one will trigger thoughts of needing to align one's own estate plan. SECU through Members Trust Company can assist member with questions regarding estate planning and trust services. Contact your local branch and ask to speak to a Trust Representative to assist you with future planning.

Your Credit Union is here to assist you in any way possible. Please contact your local branch or 24/7 Member Services with further questions.

The material above is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or tax professional.

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