



Transfer on Death Forms

A Simple Way to Transfer Assets

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A photograph of the Statue of Liberty and the New York City skyline, including the Empire State Building, with a blue sky and water in the background. The image is overlaid with a semi-transparent blue filter.

Avoid the complications and headaches of probate by utilizing a TOD form

Probate

Probate is the process of settling an Estate and moving a decedent's assets to their named heirs. It can be a long, tedious, and costly ordeal. Depending on the decedent's family dynamics and state of residence, it can take months—or even years—to probate an Estate.

Looking to avoid some of the headaches that accompany the probate process? One way to avoid probate on at least a portion of your assets is to use a little-known form called a Transfer on Death (TOD) form.

Transfer on Death

A Transfer on Death (TOD) designation can be established on accounts that are created in an individual's name (or joint name), such as a brokerage account or a bank account. Once a TOD form is filled out and attached to such an account, the assets in that TOD account will pass directly to the beneficiaries named on the account upon the death of the account holder(s). This transfer happens automatically and is not subject to probate.

Factors to Consider

If you are considering setting up a TOD account, here are a few items to keep in mind:



Easy to Establish

To open a TOD account, simply contact your bank or financial institution and request their specific TOD form. Complete the form with the required information—including your desired beneficiary or beneficiaries—and submit it to the institution for proper implementation.



Multiple Beneficiaries are Permitted

Beneficiaries may include an individual (or multiple individuals) as well as a trust.



Pass Directly to Beneficiaries

TOD accounts pass directly to the beneficiaries outside of probate, even if the account owner's Last Will and Testament says otherwise. In other words, the TOD designation supersedes your Will.



Joint Account TOD

A joint account with multiple owners can pass to TOD beneficiaries after all owners pass away. However, for married couples, after one spouse passes, the surviving spouse will have full authority over the TOD account and therefore can change the TOD beneficiaries on the account. This can be a little complicated if you are in a second marriage and have children from your first marriage.



Naming Minors

Naming minors as TOD beneficiaries may have unintended consequences if they are still considered underage when you pass away. Minor beneficiaries do not have the legal authority to receive investments in a TOD account. In these cases, a guardian will need to be appointed.



Update Beneficiary Documents

Remember to update your beneficiary documents periodically as your life changes. It is never a bad idea to review your beneficiaries periodically to ensure your accounts are set up the way you intended.



IRAs, 401(k)s, or Retirement Plans

Some accounts—such as IRAs, 401(k) retirement plans, life insurance policies, and annuities—usually have named beneficiaries that have already been attached to them. Therefore, these accounts do not require a TOD form and will automatically avoid probate because of the presence of a named beneficiary.

Must be Signed by the Account Owner



In most cases, a TOD form cannot be signed by a Power of Attorney—even if the power to grant gifts has been authorized by the legal document. TODs must be designated by the account owner to avoid any conflict of interest.

Summary

The TOD form is a simple and effective way to override your Last Will and Testament. By taking the time to complete a TOD, assets such as bank accounts and brokerage accounts can avoid probate and reach your intended heirs in an expedited manner.



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