



Deceased Members:

A Guide for Settling Accounts with NLFCU

The Process:

To begin the process, we will assign a Customer Care Specialist, who will work to settle the account(s). This person will serve as your main point of contact throughout this process, providing guidance to assist you. Therefore, when you have questions or concerns about this process, we encourage you to contact your Specialist right away.

Monday – Friday 8:30 am to 5:00 pm
800-370-6455

The First Step will be for us to review the full financial relationship with NLFCU. From there, we'll help you understand the status of your loved one's accounts. Some accounts may need to be closed, some may need to transfer ownership, and some – such as a loan – may need to be paid off in order to be settled. In some instances, we may advise you to seek out legal counsel.

The Second Step will be providing your Customer Care Specialist with certain documentation, including a copy of the member's Death Certificate, in order to begin the process. You may also be asked to provide additional information such as:

- Executor/Administrator Identification (from the Probate Court)
- Tax ID Number for the Estate
- Certificate of Trustee if the account is in a Revocable or Irrevocable Trust

NLFCU's Membership Agreement discloses the following information:

"30. DEATH OF ACCOUNT OWNER – We may honor all transfer orders, withdrawals, deposits, and other transactions on an account until we know of a member's death. Even with such knowledge, we may continue to pay checks or drafts or honor other payments or transfer orders authorized by the deceased member for a **period of ten (10) days after the member's death** unless we receive instructions from any person claiming an interest in the account to stop payment on the checks, drafts, or other items. We may require anyone claiming a deceased owner's account funds to indemnify us for any losses resulting from our honoring

that claim. This Agreement will be binding upon any heirs or legal representatives of any account owner.

Understanding Probate:

Probate is a process by which the court determines the authenticity of a Will. It is designed to protect the family and ensure the persons who are entitled to receive the assets do receive them. It also ensures that all debts and taxes are paid.

The court will use the Will to determine who is to be the appointed Executor of the Estate. If there is no Will, the court will appoint a “personal representative”, usually a spouse or relative.

The size and complexity of the deceased’s estate, plus state probate laws, will determine how long the process will take. If the Estate is large or complex, the probate process can take months or years to complete. On the other hand, the probate process may not be required if the deceased’s estate had accounts that are classified as “Joint with Rights of Survivorship”. It is best to consult an attorney to determine what property is or is not subject to probate.

Under NLFCU’s Account Agreement, Rights of Survivorship is as follows:

“The Account Card is an order creating the account stated thereon. When the survivorship option is checked on the Account Card or documented through the Credit Union’s online application and authentication process, that joint account creates a Joint Tenancy with Rights of Survivorship and the account balance is payable to any of the owners or the survivor. This means that, when one owner dies, all sums in the account will pass to the surviving owner(s). For a joint account Without Rights of Survivorship, the deceased owner’s interest passes to his or her estate. A surviving owner’s interest is subject to the Credit Union’s statutory lien for the deceased owner’s obligations and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not consent to it.”

Estate Account:

There may be situations where there is not a joint owner with rights of survivorship, and it will be necessary to close the member’s account and open an Estate Account.

Eligibility for estate account:

To be eligible for an estate account, the deceased member must have been a NLFCU member in good standing at the time of death. As a credit union, we are unable to open accounts for deceased, non-members, including opening a non-member accounts when family members or survivors are NLFCU members.

Establishing an Estate Account:

To establish an estate account, you will need to provide:

- A certified copy of the Death Certificate
- A TIN (tax ID number) for the estate
- Court documents designating an estate executor/administrator
- Current identification of the estate executor/administrator or voluntary administrator establishing the Estate account.

Other Account/Services Considerations during this time

Checking and Savings Accounts:

This section reviews important considerations regarding your loved one's checking and/or savings account(s). The Customer Care Specialist will help you understand what is specific to your situation and what additional steps need to be taken.

Direct deposits:

Generally speaking, we are required by law to return any direct deposits received from certain federal agencies (such as Social Security or Veterans Administration) on or after your loved one's date of death.

Single-Titled or Individual Accounts:

- When your loved one is the sole owner of a checking or savings account (referred to as a single-titled or individual account), we will block the account immediately upon notification of the account owner's death. This is to ensure that no unauthorized transactions occur.
- If the account has an individual owner and no listed beneficiary, the funds will be disbursed to the deceased member's estate.

Joint Accounts:

- A NLFCU joint account is classified as "Joint with Rights of Survivorship", (if that box was checked when opened – or in instances where the spouse is the surviving joint owner), which means you may continue to use the account and your NLFCU debit card.
- The account may need to be closed or retitled depending on the current titling of the account:
 - **When the account is in the name of the deceased member (as the tax owner),** the account will need to be closed. As the secondary account holder, you will continue to have full rights throughout the settlement process and can remove the funds. When the deceased member is the tax

owner, we are required to continue IRS reporting under your loved one's social security number so we recommend you close the account at your earliest convenience to avoid complications. When you are ready, the Customer Care Specialist will help you close the account.

- **If the deceased member was the secondary owner on the account (not the tax owner),** the account can remain open and the new tax owner will need to sign a new member account agreement to update the ownership status of the account.

ATM Cards

Any NLFCU debit card that a deceased member may have had will be deactivated immediately upon notification of the cardholder's death. Again, this protects your loved one's accounts from unauthorized purchases made with the card. If you are a joint owner on the deceased member's account and have an NLFCU card of your own, you can continue to use your card unless the account needs to be closed. The Customer Care Specialist can answer any questions you may have about the continued use of your card.

Automatic Payments

If the deceased member has arranged to have automatic payments taken out of their account, you will need to notify those companies to stop making the withdrawals or, if you would like to continue any automatic payments coming out of the account, you will need to set them up under the new account owner's name.

Certificates

Disbursement from a certificate varies and is based on its ownership.

Single-Titled or Individual Accounts:

- When your loved one is the sole owner of a checking or savings account (referred to as a single-titled or individual account), we will block the account immediately upon notification of the account owner's death. This is to ensure that no unauthorized transactions occur.
- If the certificate has an individual owner and no listed beneficiary, the funds will be disbursed to the estate.

Joint Accounts:

When the account is in the name of the deceased member (as the tax owner), the account will ultimately need to be closed. The secondary account holder will have the

option of either opening a new certificate in his or her name – or to cash in the certificate. In both situations, no penalties will be assessed.

If the deceased member was the secondary owner on the account (not the tax owner), the account can remain open, as long as the surviving account owner signs a new member account agreement to update the ownership status of the account. The secondary owner of the account also has the option of cashing in the certificate(s). Again, there are no penalties assessed with either option.

Individual Retirement Accounts (IRAs):

The IRA account(s) will be closed without a penalty from NLFCU and placed into an inherited IRA account. Designated beneficiaries will receive a letter detailing options for further disbursement of those funds.

Trust Accounts:

Trusts established in the name of a legal trust and managed by the trustee, co-trustee, successor trustee or trust administrator, as outlined in the Trust Agreement, generally require the services of an attorney who is helping you settle the estate.

Consumer Loans

As part of our review of the deceased member's financial relationship with NLFCU, the Customer Care Specialist will provide the status of any consumer loans and help you understand and work through options for the settlement of those loan accounts. While the Customer Care Specialist is available to help, you may also contact our Lending Solutions team as well. They can be reached at lendingolutions@northernlightscu.com.

Real Estate–Secured Loans:

- When a deceased member is the only borrower, a letter will be sent to the estate to provide information regarding these loans.
- When a co-borrower is listed on the loan, the co-borrower will become the primary borrower and the loan will automatically be transferred to the co-borrower's name and social security number. The remaining balance will become his or her responsibility.

Home Equity Lines of Credit:

- When a deceased member is the only borrower and there is an outstanding balance, no further disbursements will be allowed and the estate will receive a

letter from us with instructions regarding the next steps. When there is no balance, we will close the Home equity line of credit and the discharge information will be mailed to the estate. The estate will be responsible for paying the discharge fee.

- When there is a co-borrower on the Home Equity Line of Credit, the line will remain open and the co-borrower may continue to access the funds. The co-borrower will assume responsibility for repayment.

Loans with Life Insurance:

Upon receipt of a certified Death Certificate, we will process the life insurance claim on the member's behalf. If the member's loan has a Debt Protection product, the information for the Debt Protection portal will be provided to the person responsible for repayment.

Call 24:

Access to CALL24 will no longer be available using the deceased member's member number and PIN once we have received notification of death.

Online and Mobile Banking:

Once we have received notification of death, access to Online and Mobile Banking will not longer be available using the deceased member's login credentials.

Account Designations

Power of Attorney (POA):

All legal powers of the Powers of Attorney are considered VOID upon the death of the person who granted the powers.

Accounts with Beneficiaries:

- Funds in an account with beneficiaries will be disbursed upon request directly to those named as beneficiaries.
- Funds in a jointly owned account with beneficiaries will be transferred to the joint owner(s).
- Only upon the death of all account owners are the funds disbursed to designated beneficiaries.
- Minors as beneficiaries: if the beneficiary is under the age of 18 and the funds are \$10,000 or more, the funds will only be paid to the court-appointed

guardian of the minor's property. If the funds are less than \$10,000, the funds will be paid to either a court appointed guardian or the minor's parents.

Note: This guide in no way takes the place of advice from an attorney.