



Guide for Handling a Deceased Member's
Canvas Credit Union Accounts

[canvas.org](https://www.canvas.org)

Insured by NCUA



We realize making legal and financial decisions after a loved one has passed away is difficult.

First of all, we are incredibly sorry for your loss. Our thoughts are with you and your family. While we can't make the experience of loss easier, we are here to help you sort through the next steps and hope to make managing the financial process seamless. This guide will explain the general responsibilities of a Personal Representative (also known as an executor or administrator) and provide an overview of the account settlement process.

While we love to help, Canvas cannot provide you with legal advice or answer specific legal questions regarding the estate or the estate administration process. We encourage you to seek out a qualified probate attorney, and we can refer you to one if you would like.

General Information

We recommend that you settle your loved one's account(s) as soon as possible. Canvas will continue to report to the Internal Revenue Service (IRS) under the deceased member's Social Security Number until the account is closed or the ownership is changed. Any new owners on the account must be eligible for Canvas membership. By taking prompt action, you can avoid any potential complications resulting from continued IRS reporting under the deceased's Social Security Number.

What are the duties of a Personal Representative? What is probate?

A Personal Representative is generally responsible for managing the affairs of a deceased member's estate. This includes notifying any creditors of the estate and allowing them an opportunity to file a claim. The Personal Representative also collects and provides information in order to consolidate assets and resolve any liabilities of

the estate, and disburse any remaining funds according to the deceased member's wishes. "Probate" is the court process followed to resolve a deceased member's estate, and the process includes designating and authorizing a Personal Representative.

How are accounts transferred after an account owner passes away?

Your circumstances may differ, but generally, we find two situations are most frequent — the account is jointly owned, or it is being administered by a Personal Representative. If you are a joint owner on the account, you will be able to assume full control of and responsibility for that account. In some very rare cases, the account may need to be closed. If there is not a joint owner, the account will need to be closed and the funds will be distributed to any beneficiaries named on the account, or if there are no beneficiaries, distributed to the estate via the Personal Representative.



**If you have any questions, please don't
hesitate to contact us:**

BY PHONE:

Denver Metro Area & Colorado Springs:..... 303-691-2345

Fort Collins Area: 970-416-5000

Outside Denver Metro

& Fort Collins Areas only:.....800-437-7328

BY MAIL:

Canvas Credit Union
ATTN: Operations Support
P.O. Box 5238
Englewood, CO 80155

ONLINE:

canvas.org

IN PERSON:

Visit your nearest branch

Can Canvas use the funds in the deceased individual's savings or checking accounts to repay outstanding loans?

In most instances, yes. With some exceptions, the account and loan agreements give Canvas the right to use the funds in a deceased member's deposit accounts to repay loans that are or were in the name of the deceased member. For example, if a deceased member owes a monthly payment on a home loan and there are funds available in the member's savings or checking account, Canvas can use those funds to satisfy the payment due.

Account Settlement

Upon contacting Canvas and informing us of your loved one's death, information will be gathered by a Canvas team member regarding the deceased member's account(s). The deceased member's account will be reviewed, which may include filing any insurance claims, determining account adjustments, asking for submission of and verifying required legal documents, and determining who is entitled to receive funds.

Each individual's circumstances are unique. So, unfortunately, we are unable to predict how long it will take for an account to settle. However, we do commit to strong communication throughout the process. We are here for you.

Why do I need to provide a death certificate?

The death certificate is the legal proof we need to confirm the member's death and proceed with account settlement.

Can I send a photocopy of the death certificate?

Yes, you can send or bring in a photocopy of the death certificate as long as it is clear and legible. In some circumstances, we may require a certified copy.

Where do I obtain the death certificate?

In most cases, you would obtain the death certificate from the funeral home where you make disposition arrangements for the deceased. Otherwise, you could obtain it from the county or state vital records office where the death occurred.

What other documents might be required?

Each situation and account may be slightly different. In addition to a copy of the death certificate, you may be required to provide some or all of the following documents: a certified copy of the death certificate, Letters of Testamentary or Letters of Administration, or a Small Estate Affidavit. In less common instances, other documents may be required, such as trust documents, an estate EIN, or Proof of Name Change.

Who is allowed access to information about the affected accounts or loans?

The joint owner or co-borrower is allowed to access information about the affected accounts or loans. If there are no surviving owners or borrowers on the account, the Personal Representative may request information about the affected accounts or loans after providing any required documentation.

Deposit Accounts

What to Expect on Checking, Savings, and Money Market Accounts

- ▶ Single-owner accounts with designated beneficiaries (see glossary for explanation) will be closed, and any remaining funds will be distributed to the designated beneficiaries once any existing debts have been resolved. When an account has a payable-on-death beneficiary, the funds pass directly to the beneficiary; a Personal Representative does not have access to the funds.
- ▶ Single-owner accounts with no designated beneficiaries will be closed, and any remaining funds will be distributed to the estate (via the Personal Representative) after any existing debts have been resolved.
- ▶ Joint-owner accounts will remain open until Canvas receives all proper documentation. The surviving joint owner may close the account or convert the account to an individual account if he or she is an eligible member. If a joint owner who is not a Canvas member has passed away, the surviving member may elect to close the account and establish a new account, or have the deceased owner's name removed from the existing account.
- ▶ Any debit cards assigned to the deceased member or owner will be deactivated by Canvas to prevent unauthorized use.

What will happen to Direct Deposits coming to the Canvas Account?

If a Direct Deposit is received from one of the federal paying agencies (such as the Veterans Administration, Social Security, or DFAS Kansas City) on or after the owner's date of death, Canvas is required to return the funds. If a Direct Deposit is received before or on the date of death, we will deposit funds into the deceased owner's account as normal. All paying agencies should be notified of the member's death as soon as possible.

You can contact the Social Security Administration toll-free at 1-800-772-1213 or online at **www.ssa.gov**. Since it can take up to 90 days to process a claim, it is important to notify the SSA as soon as possible.

How do I find out if the member had automatic payments deducted from a checking account?

The joint owner of an account or the Personal Representative of the estate, after providing the required documents, may request statements to help locate automatic payments from a checking account.

What will happen to automatic payments deducted from the deceased member's Canvas account?

Automatic payments will continue to be deducted from the account until the account is closed. You will need to notify any companies that are debiting the account and advise them to stop automatic payments.

I am a joint owner on the account and I have my own debit card; can I still use my card?

Yes. As a joint owner, you may continue to use your debit card. You may not use the deceased owner's debit card; you can either destroy it yourself or bring it to a Canvas branch.

I am a joint owner on the checking account, can I still write checks?

Yes. As a joint owner, you may continue to write checks. You are not required to order new checks.

What to Expect on Certificates of Deposit (CDs)

- Single-owner accounts with designated beneficiaries will be closed, and any remaining funds will be distributed to the beneficiaries once any existing debts have been resolved.
- Single-owner accounts with no designated beneficiaries will be closed, and any remaining funds will be distributed to the estate (via the Personal Representative) once any existing debts have been resolved.
- If the certificate has a joint owner, the surviving joint owner may choose one of the following options:
 - If the surviving joint owner is a Canvas member, he or she may transfer the certificate funds "as is" into a newly established certificate, keeping the same interest rate and maturity date as the original.
 - The surviving owner may close the certificate and withdraw the funds without penalty. This is the only option if the surviving owner does not qualify for Canvas membership.
 - If the surviving joint owner is not a Canvas member but qualifies for membership, he or she may establish membership and transfer the certificate funds "as is" into a newly established certificate, keeping the same dividend rate and maturity date as the original.

What to Expect on Share Certificates and Individual Retirement Accounts (IRAs)

- The funds will be disbursed to any applicable beneficiary, or the deceased member's estate via a Small Estate Affidavit. (Canvas will provide more details about these processes if there are retirement accounts or certificates on the account.)
- For a Joint Account with Survivorship, certificates will be disbursed to the joint owner. The joint owner can then do one of two things:
 - Cash in the certificate without penalty or establish a new certificate at current dividend rates and terms.
 - Transfer the certificate, as is, to a joint owner's Canvas account. Or, if the joint owner does not have a Canvas account and is eligible for membership, establish an account and transfer the certificate. This new certificate can keep the same dividend rate and maturity date as the original.

What will happen to the deceased member's Health Savings Account or Individual Retirement Account?

Canvas will close any HSA or IRA without any penalties from Canvas — even if, in the case of an IRA, the deceased member was under age 59½ or the maturity date of the IRA certificate has not been reached. If no beneficiary is listed, the funds may be payable to the deceased member's estate.

Loans

Canvas will determine if the member had a Payment Protection Plan on the loan and, if qualified, begin the claim filing process. During this period, any proceeds from the plan will be applied toward the loan balance as of the date of death. Deposit account balances may also be applied to the outstanding loan balance(s) as allowed by Colorado law and Canvas' account and loan agreements.

Outstanding loan balances become the responsibility of the co-signer or the deceased member's estate. The estate (via the Personal Representative) must pay off all existing loan balances or provide Canvas with the necessary documentation to properly file a claim against the deceased member's estate.

If for any reason you don't believe you will be able to make the payments or wish to surrender the property that secures the loan, we are here and ready to help you — please contact a Canvas representative to talk about your options.

What to expect on Credit Cards

If the deceased member was the sole owner on a credit card account, the credit card account will be closed. If there is a joint owner on a credit card account, the account can remain open and be retitled in the joint cardholder's name. In some situations, the credit limit may be reduced or the credit card may be closed.

Important Phone Numbers

Canvas Credit Union

Denver Metro Area & Colorado Springs:..... 303-691-2345

Fort Collins Area: 970-416-5000

Outside Denver Metro

& Fort Collins Areas only:..... 800-437-7328

Internal Revenue Service (IRS)..... 800-829-1040

Be prepared to fax the deceased taxpayer's death certificate, and either copies of Letters Testamentary approved by the court or IRS Form 56, Notice Concerning Fiduciary Relationship (for estate executors)

Social Security Administration (SSA) 800-772-1213

U.S. Treasury 202-622-2000

Experiencing the death of a loved one is difficult at any time. Canvas is here for you, for the good times and especially the trying times. Call on us to help you with even the things you wouldn't expect us to be able to help with. If we can't answer your questions or assist you, we'll find someone who can.

Should I continue making monthly payments on the account?

Yes, continue making monthly payments. If there is Loan Protection Insurance and/or a Payment Protection Plan, Canvas will file a claim. If the claim is paid in full by the insurance plan, any money left in the account will be given to the survivor or estate.

I am the co-applicant — am I liable for any unpaid balance on the credit card account?

Yes. If there is a balance after any Payment Protection Plan settlement, you are responsible for repayment. You are also responsible for any charges made after the date of death.

What to Expect on Real Estate Mortgage Loans and Home Equity Lines of Credit

For mortgage loans or Home Equity Lines of Credit on which the deceased member was the sole borrower, please have the Personal Representative contact Canvas to discuss available options. If there is a co-borrower on the loan, they will become the primary borrower and our records will be updated to reflect this change. For Home Equity Lines of Credit where there is no borrower, the line will be closed and no further advances will be allowed.

What to expect on Auto Loans and Lines of Credit

For auto loans of which the deceased member was the sole borrower, please have the Personal Representative contact Canvas to discuss available options. For lines of credit on which the deceased member was the sole borrower, no further advances will be allowed on the line, and the remaining debt will have to be repaid by the estate or from remaining funds in deposit accounts. If you are a co-borrower, we will contact you to see if you would like to retain or close the loan. If you do not wish to keep the loan, you will need to pay off the loan and close the account.

Glossary

This guide is bound to contain confusing terms and phrases that aren't explained below. Please feel free to ask us if there is anything that is unclear to you.

Small Estate Affidavit (aka Collection of Personal Property by Affidavit)

In certain instances, Colorado law permits the transfer of assets of estates that would otherwise be handled through probate. The threshold for a Small Estate Affidavit may be adjusted annually by state law. For 2018, the threshold is \$66,000. With the affidavit, there is generally no court appearance, no personal representative appointed, and no mailed notification to interested parties. Presenting the affidavit to the possessor of the decedent's property is sufficient to make the transfer. The affidavit can transfer only personal property, including bank accounts; it does not authorize the transfer of real estate. As with any legal document, you should ensure you fully understand a Small Estate Affidavit before signing it.

Automatic Payments

These are transactions that have been set up to withdraw money from the member's account, usually, at set dates each month. Utility bills, for example, may be set up to be paid from the member's account every month.

Co-Signer

Generally, a co-signer pledges to take responsibility for making payments on a loan in the event that the primary borrower is unable to make payments.

Designated Beneficiary

Someone named to receive funds from an account in the event of the owner's death. For example, a father may name one of his children as the payable-on-death beneficiary on his deposit accounts. In most instances, if a designated beneficiary is listed on an account, the funds will pass to the designated beneficiary instead of the account owner's estate.

Joint-Owner Account

Two members are listed as owners on the account. Each member has equal ownership of the account, and, except in rare circumstances, the surviving owner will take control of the account.

Loan Protection Insurance

Loan protection insurance can help policyholders meet their monthly debts up to a predetermined amount. These policies offer short-term protection, providing coverage generally from 12 to 24 months, depending on the insurance company and policy.

Payment Protection Plan

An optional service offered by some credit card companies and lenders that lets a customer stop making minimum monthly payments on a loan or credit card balance during a period of involuntary unemployment or disability. It may also cancel the balance owed if the borrower dies.

Personal Representative

The person who is responsible for managing a deceased individual's estate. A Personal Representative is appointed by a probate court.

Probate

The state court process followed to resolve a deceased individual's estate. The process includes designating and authorizing a Personal Representative.

Single-Owner Account

An individual member is the sole owner of the account. Upon his or her death, a designated beneficiary or Personal Representative is responsible for administering the funds. After the funds are given to a beneficiary or Personal Representative, the account will be closed.

Right of Survivorship

When an account has two owners, unless prior arrangements have been made, the remaining owner takes full control of the account.

Please note the information contained in this guide is meant for informational purposes only and not intended for legal, tax, or financial planning advice. Canvas encourages you to consult professional advisors with respect to any particular issue you may encounter. If appropriate, contact a probate court for further information.