

CHAPTER 185  
GIFTS TO MINORS

H. F. 802

AN ACT relating to gifts allowed under the uniform gifts to minors Act.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 565A.1, subsection 5, paragraph a, Code 1981, is amended to read as follows:

a. All securities ~~and, money, life or endowment insurance policies, and annuity contracts~~ under the supervision of the same custodian for the same minor as a consequence of a gift or gifts made to the minor in a manner prescribed in this chapter;

Sec. 2. Section 565A.1, subsection 5, paragraph c, Code 1981, is amended to read as follows:

c. The proceeds, immediate and remote, from the sale, exchange, conversion, investment, reinvestment or other disposition of ~~such the securities, money, life or endowment insurance policies, annuity contracts,~~ and income.

Sec. 3. Section 565A.1, subsection 12, Code 1981, is amended to read as follows:

12. A "security" ~~shall include~~ includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest in an oil, gas, or mining lease, collateral trust certificate, preorganization certificate, preorganization subscription, any transferable share, investment contract, or beneficial interest in title to property, interest in or under a profit-sharing or participating agreement or scheme, or shares invested in savings and loan associations, or invested in a credit union account, or any other instrument commonly known as a security. The term does not include a security of which the donor is the issuer. A security is in "registered form" when it specifies a person entitled to it or to the rights it evidences and its transfer may be registered upon books maintained for that purpose by or on behalf of the issuer.

Sec. 4. Section 565A.1, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. "Life or endowment insurance policy" or "annuity\* contract" means a life or endowment insurance policy or annuity contract issued by an insurance company on the life of a minor or on the life of a member of the minor's family if the gift of the policy or contract is made to the minor in the manner prescribed in this chapter.

Sec. 5. Section 565A.2, subsection 1, unnumbered paragraph 1, Code 1981, is amended to read as follows:

An adult person may, during ~~his~~ the person's lifetime, make a gift of a security, life or endowment insurance policy, annuity contract, or money to a person who is a minor on the date of the gift.

\*According to enrolled Act

Sec. 6. Section 565A.2, subsection 1, Code 1981, is amended by adding the following new paragraph:

NEW PARAGRAPH. If the subject of the gift is a life or endowment insurance policy or annuity contract, by causing the ownership of the policy or contract to be registered with the issuing insurance company in the name of the donor, another adult, or a trust company, followed by the words: "as custodian for \_\_\_\_\_ (name of minor) \_\_\_\_\_ under the Iowa Uniform Gifts to Minors Act."

Sec. 7. Section 565A.2, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION.

a. A will or other disposing instrument may authorize or direct a fiduciary acting under it, or, in the absence of a direction to the contrary in the instrument, a fiduciary acting under it may elect to distribute benefits required to be distributed to a minor under the terms of the instrument by making the distribution to a custodian in accordance with this chapter.

b. Only property which can be the subject of a lifetime gift under this chapter may be distributed under this subsection.

c. A fiduciary making a distribution under this subsection may select the custodian, and may elect to serve as custodian. However, the disposing instrument may name the custodian or otherwise restrict this power.

d. This chapter is applicable to distributions by a fiduciary under this subsection in the same manner as it would be applicable if the fiduciary were a donor making a lifetime gift under this chapter.

e. A fiduciary making a distribution under this subsection may do so without court order and, after effecting the distribution, is relieved of all accountability as a fiduciary with respect to the property distributed.

f. This subsection applies to instruments executed before or after the effective date of this Act and even if a person who executed an instrument is not now living.

Sec. 8. Section 565A.3, subsections 1 and 2, Code 1981, are amended to read as follows:

1. A gift made in a manner prescribed in this chapter is irrevocable and conveys to the minor indefeasibly vested legal title to the security, life or endowment insurance policy, annuity contract, or money given, but no guardian of the minor has any right, power, duty or authority with respect to the custodial property except as provided in this chapter.

2. By making a gift in a manner prescribed in this chapter, the donor incorporates in ~~his~~ the gift all the provisions of this chapter and grants to the custodian, and to any issuer, transfer agent, bank, insurance company, broker, or third person dealing with a person designated as custodian, the respective powers, rights and immunities provided in this chapter.

Sec. 9. Section 565A.4, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. If the subject of the gift is a life or endowment insurance policy or annuity contract, the custodian has all the incidents of ownership in the policy or contract to the same extent as if the custodian

were the owner, except that the designated beneficiary of any policy or contract on the life of the minor shall be the minor's estate and the designated beneficiary of any policy or contract on the life of a person other than the minor shall be the custodian as custodian for the minor for whom the custodian is acting. The custodian may pay premiums on the policy or contract out of the custodial property.

Sec. 10. Section 565A.6, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

565A.6 RELIEF FROM RESPONSIBILITY. An issuer, transfer agent, insurance company, bank, broker, or other person acting on the instructions of or otherwise dealing with a person purporting to act as a donor or a custodian is not responsible for any of the following:

1. Determining whether the person designated by the purported donor or purporting\* to act as a custodian has been duly designated.

2. Determining whether any act of a person purporting to act as a custodian is in accordance with this chapter, including but not limited to the following:

a. A purchase, sale, or transfer to or by the person.

b. The application by the person of money or other property delivered to the person.

3. Inquiring into the validity or property\*\* under this chapter of an instrument or instructions executed or given by a person purporting to act as a donor or custodian.

Sec. 11. Section 565A.11, Code 1981, is amended to read as follows:

565A.11 LAWS NOT APPLICABLE. ~~Section 668-3~~ Chapter 633 and all other laws of this state contrary to ~~the provisions of~~ this chapter, ~~shall~~ do not apply to the custodial property of a minor held by the custodian under this chapter.

Approved May 5, 1981

\*According to enrolled Act

\*\*According to enrolled Act