

# Lufthansa Employee Federal Credit Union

## **Transfer on Death Account Agreement**

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### **Transfer On Death Securities Registration**

Transfer on Death Securities Registration Service (TOD) is an efficient, low-cost registration alternative to transfer accounts to beneficiaries at the same time of your death. This form of registration allows you to transfer all or certain percentages of eligible securities in your accounts to your designated beneficiaries. While you are alive, you, not your beneficiaries, are in total control of your assets. Only the eligible funds in your Lufthansa Employee Federal Credit Union account(s) (LEFCU) can be transferred under this TOD registration agreement.

#### **TOD Avoids Probate**

TOD account registration avoids the need for probate and therefore, may save your beneficiaries time and money associated with probate delays, legal fees and court costs. However, non-probate transfers are nonetheless subject to all other applicable local, state and federal fees and estate taxes.

#### **TOD vs. A Will**

The TOD registration agreement may supersede other estate planning arrangements you may have made regarding eligible securities. For example, either through a will or a trust. LEFCU strongly encourages you to consult with your tax, legal or estate-planning advisors regarding how this form of securities registration may impact your overall estate plan. LEFCU employees do not provide tax or legal advice.

#### **Registering Your Accounts for TOD**

The TOD Service is only available to residents of certain states that have adopted the Uniform Transfer on Death Act. If you need to make any changes regarding the beneficiaries distribution percentages, you simply need to obtain the necessary paperwork from the credit union. Please read the TOD agreement for more details prior to completing the TOD application and agreement.

After reviewing and completing the TOD application and agreement, the credit union staff is available to answer any questions you may have regarding this service, unless, of course you have legal or tax questions which you should consult the appropriate advisors about.

## TRANSFER ON DEATH AGREEMENT

### Important Notice

Transfer On Death Registrations are not available in all states. The Firm offers Transfer On Death Registration only to residents of those states which have adopted the Uniform Transfer On Death Act or similar non-probate transfer laws. The creation of Transfer On Death Accounts may affect your estate and tax planning. The Firm recommends that you consult your attorney or tax advisor to determine if Transfer On Death Registration is available in your state of residence, appropriate for you or if a change should be made with respect to an established Transfer On Death Registration. Furthermore, if you move to a state which does not have a Transfer on Death Registration statute, this agreement may be void. Account Owners acknowledge that neither the Firm nor any of its employees or affiliates have given advice in any manner with respect to the legal or tax consequences arising out of, or related to, a Transfer On Death Registration. The Transfer On Death Registration is available only on individually owned accounts and accounts which are held as Joint Tenants With Right Of Survivorship, as Tenants By the Entireties, or as owners of community property held in survivorship form. Accounts with a Transfer On Death Registration may not be maintained as Tenants In Common accounts.

### Definitions

As used in this Agreement, each of the following terms shall have the meanings provided below.

“Accepted” shall mean the actual receipt by the Firm of a properly executed Transfer On Death Agreement acceptable to the Firm. “Account Owner” means the person, or persons identified as owning the Account on page 1 of this Agreement. Multiple Account Owners shall be limited to accounts which are held as Joint Tenants with Right of Survivorship, as Tenants By the Entireties or as owners of community property held in survivorship form. Accounts with Transfer On Death Registration may not be maintained as Tenants In Common accounts.

“Beneficiaries” means the person(s) or entities which are designated on page 1 of this Agreement or the last Transfer On Death Registration Agreement Accepted by the Firm for this specific account. A Beneficiary may not be a custodian designated under the Uniform Gifts To Minors Act.

“Death of the Account Owner” shall mean the death of the sole Account Owner or the death of the last of the multiple Account Owners.

“Firm” shall mean Lufthansa Employee Federal Credit Union, its subsidiaries, affiliates, successors and assigns.

“RMA’s” shall mean Resource Management Accounts.

“Transfer On Death Registration” or “TOD Registration” or “Account” shall mean the accounts maintained at the Firm for which a TOD Agreement has been Accepted by the Firm. “Transfer On Death Agreement” or “TOD Agreement” or “Agreement” shall mean the last Transfer On Death Agreement accepted by the Firm. This Agreement is entered into between the Firm and the Account Owner and describes the various terms and conditions governing the Transfer On Death (“TOD”) designation on the Account which is maintained by the Account Owner with the Firm.

### Terms and Conditions

1. At the Death of the Account Owner, all of the eligible funds and assets in the Account shall be transferred to the Beneficiaries. If any Beneficiary is a minor on the date of this Agreement, a Custodian under the Uniform Transfer to Minors Act should be designated. Furthermore, the custodian should be noted in the Name of Beneficiary field on page 2 as follows: John Doe custodian FBO Jane Doe UTMA; Jane Doe custodian FBO John Doe UTMA. This custodial designation shall be effective only if a Beneficiary is a minor at the Death of Account Owner. If a Beneficiary

has reached the legal age of majority at the Death of the Account Owner, that Beneficiary’s share of the Account shall pass to him or her outright.

2. In the case of multiple Account Owners, after the Death of one of the Account Owners, this Agreement shall continue to apply to any new Account established by the surviving Account Owner using the eligible funds, securities or other assets credited to this Account, unless the surviving Account Owner shall change or terminate this Agreement or add new Account Owners.

3. To make the transfers under Paragraph 1 above, the Beneficiaries shall provide to the Firm:

- (1) a signed and notarized request to execute the transfer requested by all Beneficiaries named on a form provided by the Firm with respect to the division and transfer of the funds and assets in the Account;
- (2) a certified death certificate;
- (3) an affidavit of domicile; and
- (4) an inheritance or estate tax waiver (for states that require such a waiver).

The Firm may rely conclusively upon instructions from all Beneficiaries in completing a transfer of the funds, securities and assets in the Account, and shall not be liable to any third party for completing such a transfer. If the percentage column on page 2 of this Agreement has been left blank, the Firm reserves the right to divide the eligible funds, securities and assets in the Account equally among the Beneficiaries. In the event that a Beneficiary predeceases the Account Owner, a certified copy of the death certificate for the deceased Beneficiary shall be required to be submitted to the Firm by the surviving Beneficiaries.

4. The Firm shall have no duty to identify or locate Beneficiaries, to determine whether a deceased Beneficiary had heirs or to locate such heirs, to determine the marital status of the Account Owner at any time or to determine any other facts which may have the effect of varying the transfer under Paragraphs 1 or 3 above. It shall be the duty of the Account Owner to notify the Firm in the event the Account Owner changes his or her residence to a state which has not adopted the Uniform Transfer On Death Act. The Firm shall not be liable for transferring eligible funds, securities and assets in the Account pursuant to this Agreement in the event the Account owner changes his or her state of residence to a state which has not adopted the Uniform Transfer On Death Act and fails to inform the Firm of such change.

5. In the event the Firm cannot determine the person or persons entitled to receive a transfer pursuant to Paragraph 1 or the proper percentages to be applied to such transfer or in the event that prior to making the transfer provided for in Paragraph 1 a dispute arises between any persons as to the proper transfer or between or among any creditors of the Account Owner or if any other person shall make any claim upon the eligible funds and assets of the Account, the Firm shall be entitled to restrict the Account as it shall deem appropriate and to require the parties to adjudicate their respective rights in the funds and assets of the Account, or to require an indemnification satisfactory to the Firm, prior to making the transfer provided for in Paragraph 1. The Firm reserves its right to initiate legal action with respect to the disposition of funds or assets.

6. This Agreement revokes any prior agreement relating to the eligible funds, securities and assets held in the Account and may be revoked or changed by the Account Owner any time prior to the Death of the Account Owner by executing a new TOD Agreement or a written and notarized revocation of this TOD Agreement, which shall be delivered to the Firm. It shall be the duty and responsibility of the Account Owner to

notify the Firm of any changes in the Beneficiaries, by death or otherwise. Such notification shall be made by delivering a new TOD Agreement to the Firm.

7. If the Account Owner becomes incompetent, a court appointed guardian or conservator, or an agent acting under durable power of attorney that is satisfactory to the Firm, may give instructions on the Account to the extent of their authority. A court-appointed guardian or conservator, or agent acting under a durable power of attorney, shall not have the authority to alter or revoke the TOD Agreement and designation of Beneficiaries, except by obtaining an order from a court of competent jurisdiction and presenting a certified copy of that order to the Firm.

8. This Transfer On Death Agreement supersedes all Account Owners’ wills, trusts and other instruments, regardless of the date of execution, which provide for the contrary disposition of the Account or eligible funds, securities and assets held in the Account.

### 9. Asset Types.

(a) Assets which may be registered in “street name” (e.g., in the Firm’s name or in the name of its nominee, or held at the Firm or its affiliates), may be eligible to be held in the Account.

Examples of types of assets which may be held in the Account include, but are not limited to:

- Cash
- Money Market Shares
- Certificates of Deposit

(b) The terms of this Agreement and the TOD designation of the Account shall NOT apply to the following types of assets, even if they are held in the Account or represented on an Account statement:

- Limited Partnerships
- Mutual Fund Shares (held at the fund)
- Restricted or Rule 144 Stocks
- Precious Metals (Physical and Certificated)
- Variable and Fixed Annuities
- Life Insurance

The Account Owner acknowledges that these and other assets may not pass under the terms of this Agreement and may be required to be probated pursuant to appropriate state law procedure. The Firm, in its sole discretion, reserves the right, now or in the future, to determine the eligibility of any specific asset to be transferred under this Agreement. The Firm shall have no duty with respect to probate proceedings for assets held within this Account that do not pass under the terms of this Agreement. The existence of a TOD designation on an Account or Account statement reflecting a specific asset may not, in and of itself, qualify a specific asset to be transferred pursuant to this Agreement.

10. Upon the Death of the Account Owner, the Firm may liquidate and transfer the proceeds of any eligible securities or assets in the Account that cannot be divided into amounts which may be properly transferred or it may divide or liquidate fractional shares in any manner it deems appropriate so as to best conform with the percentages set forth in the “Beneficiary Designations” section of this Agreement.

11. In the event that a Beneficiary predeceases the Account Owner and the Account Owner elected to have the deceased Beneficiary’s share go to the surviving Beneficiaries by making the specific election on the Beneficiary Designation form on page 2 of this Agreement, the deceased Beneficiary’s share will be allocated to the surviving Beneficiaries in a proportion

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calculated by taking the stated percentage for each Beneficiary and dividing the sum of the percentages allocated to all of the surviving Beneficiaries. If a Beneficiary disclaims his or her portion of the eligible funds, and assets in the Account, the disclaimer, which must meet appropriate state law requirements, must be provided to the Firm and the disclaiming Beneficiary's portion of the eligible funds and assets in the Account shall pass to the remaining Beneficiaries as if the disclaiming Beneficiary predeceased the Account Owner.

12. This Agreement shall be effective for this Account or any other Account established under Paragraph 2, only upon the Firm having accepted this Agreement. This Agreement shall not affect the Basic Investment Account Agreement, RMA, Client's Agreement (margin) or any other Firm agreement executed by the Account Owner with respect to this Account or the Firm's rights under any such agreements.

13. The terms of this Agreement and the TOD designation of the Account shall not apply to any funds, and assets delivered out of the Account and/or held in certificated form. All assets delivered in certificated form shall be in the name of the Account Owner only and shall have no TOD designation without separate written instructions to the contrary by the Account Owner.

14. The Firm shall not be responsible for the payment of any debts of the Account Owner, nor shall the Firm be responsible for the payment of any taxes or other amounts owed by Account Owner, by the estate or estates of the Account Owner or by the Beneficiaries or their estates.

15. In order to be effective, this Agreement must be accepted by the Firm. This Agreement shall have no effect if the Account Owner dies prior to the acceptance of this Agreement by the Firm. A change by the Firm of the account number designating this Account shall have no effect on this Agreement or the TOD designation established pursuant to the terms of this Agreement.

16. This Agreement may not be modified without the written approval of the Firm. The provisions of this Agreement shall be binding on the Account Owner's estate, beneficiaries, heirs, legal estate representatives, successors and assigns and shall survive the termination of this Agreement or the Account. This Agreement does not create a trust, constructive or otherwise.

17. The Firm reserves the right to terminate this Agreement for any reason, at any time. The reason for termination may include, but shall not be limited to, the Account Owner changing residence to a state which has not adopted the Uniform Transfer On Death Act, or the Account Owner changing the type of account to one for which the Transfer On Death Agreement is not available.

18. This Agreement shall terminate and the Transfer On Death designation on the Account shall be revoked if the Account Owner changes his or her state of residence to a state which has not adopted the Uniform Transfer On Death Act at the time of such change. This termination provision shall apply to Accounts which have multiple Account Owners, if any of the Account Owners changes his or her residence to a state which has not adopted the Uniform Transfer On Death Act.

Upon termination of this Agreement, the Firm shall be under no duty or obligation to take instructions with respect to the Account upon the Death of the Account Owner, except instructions from a legal representative of the Account Owner's estate.

## Indemnification

19. Account Owner specifically directs the Firm to make the TOD distributions in accordance with this Agreement and the last executed and accepted TOD Beneficiary designation. Account Owner agrees that the Firm shall be fully released and discharged from all liability upon payment to the designated TOD Beneficiaries and, on behalf of itself, its estate, heirs, executors, administrators, beneficiaries and assigns, agrees to indemnify and hold harmless the Firm, its directors, officers, employees, agents, assigns and successors from and against all claims, liabilities, losses, costs and expenses (including attorneys fees) which the Firm may incur by acting in accordance with the Account Owner's directives. This indemnity shall include but is not limited to claims by any person, taxing authority or entity in relation to the Account assets either prior or subsequent to their distribution to the designated TOD Beneficiaries. The Firm shall be entitled to recover the full amount of this indemnity from the assets of the Account or any accounts maintained by the Account Owner at the Firm, prior to any distribution or transfer.

## Arbitration Agreement

20. This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- **Arbitration is final and binding on the parties.** All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- **The parties are waiving their right to seek remedies in court, including the right to jury trial.** Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- **Pre-arbitration discovery is generally more limited than and different from court proceedings.** The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- **The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.** The arbitrators do not have to explain the reason(s) for their award.
- **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**
- **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration.** In some cases, a claim that is ineligible for arbitration may be brought in court.

\* **The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.**

• **Client agrees, and by carrying an account for you LEFCU agrees that any and all controversies which may arise between you and LEFCU concerning any account(s), transaction, dispute or the construction, performance, or breach of this or any other Agreement, whether entered into prior, on or subsequent to the date hereof, shall be determined by arbitration.** Any arbitration under this Agreement shall be held under and pursuant to and be governed by the Federal Arbitration Act, and shall be conducted before an arbitration panel convened in New York. Such arbitration shall be governed by the rules of the organization convening the panel.

• **No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration Agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until:**

(I) the class certification is denied; (II) the class is decertified; or (III) the customer is excluded from the class by the court.

• **Such forbearance to enforce an Agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.**

• **Client expressly agrees that service of process in any action shall be sufficient if served by certified mail, return receipt requested, at your last address known to LEFCU**

Client expressly waives any defense to service of process as set forth above.