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What are Payable on Death (POD) and Transfer on Death (TOD) accounts? What is a Transfer on Death Instrument for residential real estate?



In Illinois, an owner of a bank or security account may transfer the account to one or more beneficiaries upon his or her death by using a “payable on death” (“POD”) or “transfer on death” (“TOD”) designation. POD accounts may be used to transfer assets held in a bank, savings and loan, or credit union to a beneficiary, and are sometimes called “Totten trusts.” TOD registration is used exclusively for securities and investment accounts. At the owner’s death, the named beneficiary becomes the owner of the POD or TOD account without having to go through probate.

POD and TOD accounts allow the owner to retain control over the entire account during the owner’s lifetime; the owner can cancel or change the beneficiary without notifying the beneficiary. A person can open a new POD or TOD account or convert an existing account to a POD or TOD by contacting their banker, broker, or financial advisor for the proper forms.

Commencing on January 1, 2012 Illinois allows for the transfer of residential real estate by beneficiary designation in a form of deed called a “Transfer on Death Instrument.” Special rules apply to the form of the deed and the acceptance of the real estate by the beneficiary after the death of the owner. Similar to the POD and TOD the owner retains control over the real estate and can cancel or change the beneficiary at any time without notifying the beneficiary

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