

What is a WUTMA account?

Information for Custodians

Perhaps you are in need of establishing a deposit account for a minor who is the recipient of a gift or transfer of property — such as money — or perhaps you have attempted to establish a deposit account for a minor at your local bank and the bank stated that the account needs to be established as a WUTMA account. The following information is designed to help custodians understand what WUTMA generally is, and what are often some conditions of a WUTMA account because of requirements under the Act.

The following information is intended for general, informational purposes only and is not intended, nor should it be construed, as legal advice. The information is not designed to make any recommendations regarding which type of account should be opened.

What is WUTMA?

“WUTMA” stands for the Wisconsin Uniform Transfers to Minors Act. WUTMA can be found under Wisconsin Statute Chapter 54. WUTMA allows an adult to make an irrevocable transfer, such as a gift, to a minor, which is held for the benefit of the minor in the name of the custodian designated by the transferor. For example, a gift or transfer of money from Grandmother Gladys to grandchild Mary Minor for whom Andrew Adult is the custodian.

The minor owns the property, but the custodian controls the property on the minor’s behalf. In accordance with WUTMA, a deposit account could be established to hold the property of the minor.

What is a WUTMA account?

A WUTMA account is a deposit account established by a custodian on behalf of the minor. Pursuant to the Act, there may only be one minor per WUTMA account and generally only one custodian per account. Courts will often order the establishment of a WUTMA account for a minor who is the recipient of a monetary judgment. A WUTMA account is often titled in a similar structure as: Mary Minor by Andrew Adult as custodian under WUTMA.

As custodian, you are the only party who may transact or otherwise have access to the WUTMA account in accordance with the Act. You will carry certain duties of care and responsibilities which are owed both to the property and the minor — this includes the use of WUTMA funds only for the benefit of the minor.

What is my duty as custodian?

A custodian of property transferred under WUTMA owes a duty of care to the property. Responsibilities include prudent care for the property, keeping the account separate from non-custodial property, and maintaining records, among other things. This duty also means

understanding the nature of the property, including the type of transfer, proper management of funds, and when funds must be released to the minor.

Custodians should note that it is not up to your bank to decide when to release funds from a WUTMA account. It is your duty as custodian to follow the requirements of WUTMA when releasing funds. Under WUTMA, most custodianships terminate when the minor reaches age 21 (although in some instances the age is 18) at which time the funds on deposit are released to the custodian for delivery to the minor.

If the minor unfortunately passes away prior to release of the funds under WUTMA, the WUTMA account will belong to the minor's estate and should be handled by the administrator of the estate.

What if I am no longer able or willing to serve as custodian?

If you are unable or unwilling to serve as custodian, a successor custodian will need to take over. A successor custodian can be designated at the time a WUTMA account is established. The designation can be made by the custodian.

The designation of a successor custodian is also helpful in the event the custodian dies. If a custodian dies before funds in a WUTMA account are released to the minor, a previously designated successor custodian has the authority to act as the new custodian on the WUTMA account.

If no successor custodian has been previously appointed, WUTMA prescribes a procedure to follow, which can require involvement by a court. Thus, it may be beneficial to discuss appointment of a successor custodian with your banker.

What if I have follow-up or other questions regarding a WUTMA account?

Talk to your banker about any questions you may have. However, understand that your banker cannot provide you legal advice. If you require legal advice, you should speak with an attorney.