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Everything You Need to Know About Custodial Accounts

An easy, safe way to hold money for a minor

Insured by NCUA.¹ Donor and custodian must be at least 18 years of age and may be the same person if the donor chooses to fund and hold the account. ²If the minor is under age 14, the earnings on the custodial funds could be taxed at the minor's income bracket. Please consult a tax professional for more information. ³All Navy Federal custodial accounts fall under Virginia state law because deposits to Navy Federal are physically held in Virginia.

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Custodial Accounts

What Are Custodial Accounts?

These special savings accounts are ideal for holding money that has been given to a minor as a gift. The donor, who opens the account and gifts the funds, chooses a custodian¹ who “holds” the gifted money for the minor in this special account, typically until the minor turns 21.

Please Note: Custodial accounts are not representative payee accounts, which Navy Federal Credit Union does not offer.

Why Choose a Custodial Account?

Custodial accounts are safe, easy ways to gift and save money for a minor.² The accounts can receive insurance coverage of up to \$250,000 and require no legal fees. Custodial accounts are insured separately from the minor’s other Navy Federal accounts and from the custodian’s Navy Federal accounts.

How to Open an Account

To open an account, the donor and the custodian¹ need to complete a Custodial Account application (Form #176). You can get an application at navyfederal.org or by visiting any branch. You’ll need the name and Social Security Number of the minor. The minor must be a member with an active Share Savings Account. As long as each account has a different custodian, a minor may have multiple custodial accounts.³

Donor Responsibilities

The donor is the person who provides the funds and appoints the custodian.¹ Donor gifts are irrevocable, not tax-deductible and can only be made during the donor’s lifetime.

Custodial Responsibilities

The custodian manages how the funds are spent or invested once the account is opened. The custodian is the only signature holder on the account and the only person who can perform transactions on the account, which can only be used for the benefit of the minor. Funds may be invested in a savings account or Navy Federal certificates. The custodian is responsible for transferring the funds to the minor. This can be done in writing, by visiting a branch or by calling 1-888-842-6328.

Death of the Custodian

If the custodian dies before the minor turns 21 and no successor custodian was named, a successor custodian will be designated by will or legal appointment. If the deceased custodian’s spouse is the parent or guardian of the minor, the spouse may be named successor custodian. Navy Federal should be notified of any successor custodians.

Want More Savings Options?

Learn more about custodial accounts and other savings options, such as Education Savings Accounts and certificates, at navyfederal.org.