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Can your *business*
own an
interest-bearing
checking account?

Consider whether your business is eligible to own a NOW account.

What is a NOW account?

A NOW (Negotiable Order of Withdrawal) account is an interest-bearing checking account. This type of account is obviously attractive to most businesses because of the potential to earn interest.

Can my business own an interest-bearing checking (NOW) account?

Not all businesses may own an interest-bearing checking account. Federal law specifies the general categories of depositors who can own a NOW account.

For your business to own this type of account, it must fall into one of the categories discussed below.

Individually owned

Any individual may own a NOW account, regardless of the purpose for which the individual will use the account. For example, you may own a NOW account and use it for either personal or business purposes.

This means that a sole proprietor (a person who owns all of the assets of a business) may own a NOW account.

Nonprofit organizations

Organizations operated as “not for profit” may own a NOW account. Nonprofit organizations are usually ones that operate for religious, philanthropic, charitable, educational, political, or other similar purposes.

Governmental units

Any type of governmental unit (such as a state or county) may own a NOW account.

Funds held by a fiduciary

A fiduciary is someone who controls certain property and is required by law to act in the best interests of someone else in managing that property.

The most common example of a fiduciary is the trustee of a trust. The trustee holds and controls the property of the trust. He/she must act in the best interests of the beneficiary(ies) of the trust.

A fiduciary may own a NOW account, even if the fiduciary itself would not be eligible to own one on its own behalf, as long as the entire beneficial interest in the account is held by individuals or entities eligible to hold a NOW account directly. Beneficial interest means an interest from which you, the depositor, derive some personal benefit.

*If you would like more information
or would like to open a
NOW account for your business,
please ask us!*

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