DISTRICT COURT OF APPEAL OF FLORIDA, FOURTH DISTRICT

Sobel v. Sobel

384 So. 3d 791 (Fla. 4th DCA 2024) · No. 4D2023-0896 · Decided April 17, 2024

SUMMARY

The Florida Fourth District Court of Appeal considered whether a 2013 IRA beneficiary designation controlled the distribution of the decedent's IRA. The court held that the designation never became effective because the IRA agreement required receipt and acceptance by UBS, and there was no evidence that UBS received or accepted it. The court reversed the summary judgment and remanded for entry of judgment in favor of the appellants.

CASE DETAILS

COURT	District Court of Appeal of Florida, Fourth District
WRITING FOR THE COURT	Gross, J.; Conner, J.; Kuntz, J.
JURISDICTION	Florida
DECIDED	April 17, 2024
DOCKET	4D2023-0896
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a final summary judgment in a declaratory relief action concerning the validity of an IRA beneficiary designation.
STANDARD OF REVIEW	de novo
PRECEDENTIAL VALUE	published
PARTIES	John L. Sobel, Richard G. Sobel v. Carol Lee Hellinger Sobel, as Trustee of the Testamentary Trust f/b/o Carol Lee Hellinger Sobel e/u the Last Will and Testament of Frank Sobel dtd 6/11/13, Nancy E. Sobel, Christopher M. Sobel, Kevin M. Sobel, UBS Financial Services, Inc.

TOPICS

estate planning · probate · trusts · contract interpretation · appellate procedure

PRACTICE AREAS

Probate & Trust · Contract Law · Insurance Law

QUESTIONS PRESENTED

1. Whether the appellants had standing to challenge the distribution of the IRA proceeds.
2. Whether the 2013 beneficiary designation was effective under the IRA Custodial Agreement when there was no evidence that UBS received or accepted it.
3. Whether the substantial-compliance doctrine could override the Custodial Agreement's requirement that UBS accept a beneficiary designation form.

HOLDINGS

1. The appellants had standing to challenge the distribution of the IRA proceeds.
2. The 2013 beneficiary designation was ineffective because the Custodial Agreement required the form to be received and accepted by UBS, and there was no record evidence of either receipt or acceptance.
3. The substantial-compliance doctrine cannot excuse failure to comply with a material contractual requirement that UBS receive and accept the beneficiary designation.

KEY QUOTATIONS

> *"The last form accepted by UBS Financial Services Inc. before your death will be controlling, whether or not it disposes of all the assets in your IRA, and will supersede all such forms previously filed by you."* (at 792)

> *"[a]n IRA is a contract with an institution that involves a third-party beneficiary designation.... [T]he owner of the IRA is free to name whomever desired as the beneficiary.... Upon the IRA owner's death, the institution need look no further than the IRA contract to determine the beneficiary."* (at 793)

> *"Substantial compliance or performance is "that performance of a contract which, while not full performance, is so nearly equivalent to what was bargained for that it would be unreasonable to deny" the other party the benefit of the bargain. It is, in essence, the opposite of a material breach of contract that would excuse the nonbreaching party from its obligations."* (at 794)

FACTUAL BACKGROUND

Frank Sobel transferred his IRA to UBS in 2004 and agreed to a Custodial Agreement providing that the last beneficiary designation form accepted by UBS would control. UBS accepted Sobel's 2008 designation, but Sobel's attorney mailed a new designation in 2013 without proof of receipt, and UBS had no record that it received or accepted it. After Sobel's death in 2021, UBS treated the 2008 designation as controlling.

PROCEDURAL HISTORY

The trustee sought a declaration that a 2013 beneficiary designation controlled the distribution of Frank Sobel's IRA. On cross-motions for summary judgment, the circuit court ruled that the 2013 designation controlled. John and Richard Sobel appealed, and the Fourth District reversed and remanded for entry of judgment in their favor.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the circuit court to enter final judgment in favor of the appellants.

CASES CITED

- Luszcz v. Lavoie, 787 So. 2d 245, 248 (Fla. 2d DCA 2001)
- Crawford v. Barker, Crawford v. Barker, 64 So. 3d 1246, 1252–53 (Fla. 2011)
- [case] Brown v. Di Petta, Brown v. Di Petta, 448 So. 2d 561, 562 (Fla. 3d DCA 1984)
- Warren v. Prudential Ins. Co. of Am., 138 Fla. 443, 189 So. 412 (1939)
- Green Tree Servicing, LLC v. Milam, 177 So. 3d 7, 14 (Fla. 2d DCA 2015)
- Legacy Place Apartment Homes, LLC v. PGA Gateway, Ltd., 65 So. 3d 644, 644 (Fla. 4th DCA 2011)
- Smith v. Wilson, 440 So. 2d 442, 443–44 (Fla. 1st DCA 1983)
- Siegel v. Novak, 920 So. 2d 89, 95–96 (Fla. 4th DCA 2006)
- Phoenix Mut. Life Ins. Co. v. Adams, 828 F. Supp. 379, 388 (D.S.C. 1993)