

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 1288 (Laird)
Version: March 26, 2026
Hearing Date: April 14, 2026
Fiscal: No
Urgency: No
AM

SUBJECT

Property: nonprobate transfer of ownership

DIGEST

This bill seeks to establish a streamlined process under the Uniform TOD Security Registration Act for a nonprofit corporation, a charitable trust, or an entity exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986. The bill clarifies that those entities can be named as beneficiaries on a beneficiary form and specifies what documentation can be provided to establish proof of death of an account owner. The bill prohibits a registering entity from requiring a beneficiary to open an account to receive a security or from providing other specified information. The bill also places a requirement on a registering entity to provide notice to beneficiaries upon receipt of credible proof of death, as provided.

EXECUTIVE SUMMARY

The Uniform TOD Security Registration Act provides for the transfer of the ownership or proceeds of a security, as defined, upon the death of the owner, without probate or estate administration. The author and sponsor of the bill report that nonprofits and other charitable organizations have been encountering issues in receiving or claiming securities for which they are beneficiaries. This bill is intended to provide a more streamlined process for nonprofits and other charitable organizations that are beneficiaries to claim and receive securities bequeathed to them. The bill establishes a beneficiary notification process and provides specific guidance on what types of documentation can be required by a registering entity to verify proof of death and proof of identity. The bill is sponsored by CalNonprofits, the San Diego Humane Society, and the Valley Humane Society. The bill is supported by numerous nonprofit and charitable organizations. The bill is opposed by the Securities Industry and Financial Markets Association.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Existing law, the Uniform TOD Security Registration Act, provides for the transfer of the ownership or proceeds of a security upon the death of the owner, without probate or estate administration. (Prob. Code §§ 5500 et seq.)
 - a) Defines ““beneficiary form” as a registration of a security that indicates the present owner of the security and the intention of the owner regarding the person who will become the owner of the security upon the death of the owner. (Prob. Code § 5501(a).)
 - b) Defines “register,” including its derivatives, to mean to issue a certificate showing the ownership of a certificated security or, in the case of an uncertificated security, to initiate or transfer an account showing ownership of securities. (Prob. Code § 5501(b).)
 - c) Defines “registering entity” as a person who originates or transfers a security title by registration, and includes a broker maintaining security accounts for customers and a transfer agent or other person acting for or as an issuer of securities. (*Id.* at subd. (c).)
 - d) Defines “security” as a share, participation, or other interest in property, in a business, or in an obligation of an enterprise or other issuer, and includes a certificated security, an uncertificated security, and a security account. (*Id.* at subd. (d).)
 - e) Defines “security account” to mean any of the following:
 - i. a reinvestment account associated with a security, a securities account with a broker, a cash balance in a brokerage account, cash, cash equivalents, interest, earnings, or dividends earned or declared on a security in an account, a reinvestment account, or a brokerage account, whether or not credited to the account before the owner’s death;
 - ii. an investment management or custody account with a trust company or a trust department of a bank with trust powers, including the securities in the account, the cash balance in the account, and cash equivalents, and interest, earnings, or dividends earned or declared on a security in the account, whether or not credited to the account before the owner’s death;
 - iii. a cash balance or other property held for or due to the owner of a security as a replacement for or product of an account security, whether or not credited to the account before the owner’s death. (*Id.* at subd. (e).)
- 2) Authorizes a registering entity offering to accept registrations in beneficiary form to establish the terms and conditions under which it will receive requests for:
 - a) registrations in beneficiary form; and

- b) implementation of registrations in beneficiary form, including requests for cancellation of previously registered TOD beneficiary designations and requests for reregistration to effect a change of beneficiary. (Prob. Code § 5510(a).)
- 3) Authorizes the terms and conditions established under 2), above, to provide for:
 - a) proving death;
 - b) avoiding or resolving any problems concerning fractional shares;
 - c) designating primary and contingent beneficiaries; and
 - d) substituting a named beneficiary's descendants to take in the place of the named beneficiary in the event of the beneficiary's death. (Prob. Code § 5510(b).)
- 4) Provides that upon the death of a sole owner or the last to die of all multiple owners, ownership of securities registered in beneficiary form passes to the beneficiary or beneficiaries who survive all owners.
 - a) On proof of death of all owners and compliance with any applicable requirements of the registering entity, a security registered in beneficiary form may be reregistered in the name of the beneficiary or beneficiaries who survive the death of all owners.
 - b) Until division of the security after the death of all owners, multiple beneficiaries surviving the death of all owners hold their interests as tenants in common.
 - c) If no beneficiary survives the death of all owners, the security belongs to the estate of the deceased sole owner or the estate of the last to die of all multiple owners. (Prob. Code § 5507.)
- 5) Provides that a registering entity is discharged from all claims to a security by the estate, creditors, heirs, or devisees of a deceased owner if it registers a transfer of the security in accordance with 4), above, and does so in good faith reliance on:
 - a) the registration;
 - b) the Uniform TOD Security Registration Act; and
 - c) information provided to it by affidavit of the personal representative of the deceased owner, or by the surviving beneficiary or the surviving beneficiary's representatives, or other information available to the registering entity. (Prob. Code § 5508(c).)
- 6) Specifies that the protections of the Uniform TOD Security Registration Act do not extend to a reregistration or payment made after a registering entity has received written notice from any claimant to any interest in the security objecting to implementation of a registration in beneficiary form. (Prob. Code § 5508(c).)

This bill:

- 1) Authorizes a nonprofit corporation, a charitable trust, or an entity exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Sec. 501(c)(3)) to be named in a beneficiary form under the Uniform TOD Security Registration Act.
 - a) The legal identity of an entity described above is established by providing the registering entity with a federal employer identification number (EIN), phone number, and mailing address. The registering entity is prohibited from requiring any individual associated with the beneficiary entity to provide personal identifying information.
 - b) The registering entity may require identifying information from a beneficiary, including a social security number for individual beneficiaries and an EIN for nonprofit or charitable beneficiaries, a phone number, and a mailing address to verify identity.
 - c) A registering entity must permit an entity described above to demonstrate its entitlement to the security by providing the following documentation:
 - i. proof of the decedent's death through provision of a death certificate, obituary, funeral invoice, or other reliable documentation;
 - ii. a copy of a nonprofit's IRS tax-exempt status letter, as applicable;
 - iii. the entity's EIN and contact information; and
 - iv. a completed IRS Form W-9 request for taxpayer identification number and certificate.
- 2) Requires a registering entity that receives notification of death of an owner from a credible source, and is provided with proof of death of all owners of the security, to initiate its beneficiary notification process.
 - a) Proof of death may be provided through a certified informational copy of a death certificate or other reliable documentation.
 - b) Only one such document from any party is required to begin the process.
- 3) Requires a registering entity, upon receipt of proof of death of all owners of the security, to make a reasonable and good-faith effort to notify each named beneficiary within 60 days.
 - a) The initial notification cannot disclose the account balance, transaction history, or other private financial information.
 - b) The registering entity must disclose the percentage and amount of a beneficiary's designated share to the beneficiary after their identity is confirmed.
- 4) Prohibits a registering entity from requiring a beneficiary to open an account in order to receive ownership of the registered securities.

- a) A registering entity must make reasonable efforts to streamline transfers of securities.
 - b) If there is more than one beneficiary, a registering entity cannot require the beneficiaries to submit claims simultaneously or impose coordination deadlines among co-beneficiaries. If there is more than one beneficiary, no more than one beneficiary can be required to submit proof of death of the owner or owners.
- 5) Requires a beneficiary that has provided all required documentation to receive their designated share upon completing the registering entity's process. A beneficiary cannot be required to wait for any other beneficiary to act before transfer, unless legally required due to outstanding liens, levies, or court orders affecting the estate or account. Any such legal impediment to transfer must be disclosed to the beneficiary upon inquiry.
- 6) Provides that a registering entity that originates or transfers securities in reliance on documentation that complies with this section shall be discharged from all claims to the security by the estate, creditors, heirs, or devisees of a deceased owner to the same extent, and subject to the same requirements, described in Section 5508 of the Probate Code.

COMMENTS

1. Stated need for the bill

The author writes:

When someone names a beneficiary, whether a family member, loved one, or nonprofit they believe in, they're expressing their values and the legacy they hope to leave behind. We have a responsibility to honor that dying wish. Senate Bill 1288 ensures that beneficiaries are made aware of funds left to them, sets reasonable verification standards, and streamlines administrative barriers to ensure gifts reach loved ones and the communities they were intended to serve without unnecessary hurdles or delays."

2. This bill seeks to establish a more streamlined process for the distribution of non-probate assets

When a person dies, (referred to as the decedent) their assets are generally distributed through a will or by intestate succession and are usually subject to probate administration. Probate administration involves a court proceeding to administer the decedent's estate by: deciding if a will exists, and if so, if it is valid; who are the decedent's heirs or beneficiaries; how much the decedent's estate is worth; taking care of the decedent's unresolved debts; and transferring the decedent's property to the heirs

or beneficiaries.¹ Existing law provides for various ways to transfer property outside of formal probate administration, including transfer-on-death or payable-on-death accounts under the Uniform TOD Security Registration Act (Act). This act authorizes a registering entity (entity that holds the security) to establish a process for designating beneficiaries and proving death, avoiding or resolving any problems concerning fractional shares, designating primary and contingent beneficiaries, and substituting a named beneficiary's descendants to take in the place of the named beneficiary in the event of the beneficiary's death. (Prob. Code § 5510(b).)

According to the author and sponsors of the bill, nonprofits have been encountering issues in receiving or claiming securities for which they are beneficiaries. One issue they identify is not being informed by a registering entity that they are a beneficiary on an account when the account owner dies. Another obstacle nonprofits have encountered is being required to provide inconsistent documentation and administrative hurdles. The sponsors note that registering entities may require a nonprofit to open an account with the registering entity in order to disburse the security to the nonprofit, and may request personally identifying information of nonprofit employees or board members in order to open such accounts. Another situation nonprofits have encountered is registering entities requesting duplicative or burdensome verification requirements. One example provided to Committee staff is when multiple nonprofits may be a beneficiary on an account and the registering entity requires each separate beneficiary to provide a death certificate for the account holder. The sponsors note that this serves no purposes as a registering entity can verify proof of death of an account owner when it receives a death certificate from any one beneficiary. They write that this bill "does not create new beneficiary rights or alter estate plans; it simply ensures that existing designations are administered transparently, efficiently, and consistent with donor intent."

To address the issues identified above, the bill amends the Act to do several things. First, it specifically allows a nonprofit corporation, a charitable trust, or other entity exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Sec. 501(c)(3)), to be named in a beneficiary form. The bill requires registering entities to make a reasonable and good faith effort to notify named beneficiaries within 60 days of receiving proof of death from a credible source – whether a charitable entity or other type of beneficiary. This can be a certified informational copy of a death certificate or other reliable documentation. A registering entity can only require one document from any party to begin the beneficiary notification process. The bill allows a nonprofit or charitable beneficiary to provide their federal employer identification number (EIN) and mailing address for identification purposes and prohibits requiring any individual associated with the beneficiary entity to provide personal identifying information.

¹ Cal. Courts, *Guide to property after someone dies* (2026), available at <https://selfhelp.courts.ca.gov/probate>.

The bill requires a registering entity to make reasonable efforts to streamline transfers of securities and prohibits requiring beneficiaries to submit claims simultaneously or imposing coordination deadlines among co-beneficiaries. A beneficiary that has provided all required documentation is to receive their designated share upon completing the registering entity's process, and cannot be required to wait for any other beneficiary to act before transfer, unless legally required due to outstanding liens, levies, or court orders affecting the estate or account. A registering entity is also prohibited from requiring a beneficiary to open an account to receive the security. If a registering entity has already received proof of death of an account owner, it cannot request this documentation from any other beneficiaries. Under the bill, a registering entity that originates or transfers securities in reliance on documentation that complies with this bill is discharged from all claims to the security by the estate, creditors, heirs, or devisees of a deceased owner to the same extent as a registering entity already is under the Act when they act in good faith reliance. (*See Prob. Code § 5508(c).*)

3. Statements in support

The sponsors of the bill, CalNonprofits, the San Diego Humane Society, and the Valley Humane Society, write in support stating that this bill will:

[...] protect donor intent and ensure that charitable beneficiary designations are honored efficiently and without unnecessary administrative barriers.

Each year, Californians designate nonprofit organizations as beneficiaries of retirement accounts, brokerage accounts, and other transfer-on-death or payable-on-death assets with the expectation that those gifts will pass directly and outside of probate. These nonprobate transfers are intentionally structured to avoid court supervision, reduce costs, and ensure timely distribution. Yet, under current law, there is no clear requirement that financial institutions notify charitable beneficiaries when an account holder dies. As a result intended gifts may sit dormant, face prolonged delays, or ultimately transfer to the state as unclaimed property despite clear beneficiary designations. [...]

SB 1288 establishes clear, reasonable standards to modernize California law and ensure nonprobate transfers function as donors intended. [...]

4. Statements in opposition

The Securities Industry and Financial Markets Association (SIFMA) writes in opposition unless amended stating:

[...] SB 1288, and similar bills across the country, seek to streamline the transfer process, which is an admirable goal. We agree that the process can be cumbersome and sometimes take much longer than everyone would like. We appreciate the

opportunity to provide feedback on how to improve the process without triggering fraud, tax, and compliance concerns.

SIFMA seeks amendments to the bill to:

- make it apply only to charitable beneficiaries;
- include exemption language where an obligation conflicts with federal or state requirements or SRO obligations;
- strengthen requirements on how to establish the death of the account owner;
- narrow the reasonable and good faith obligation to notify beneficiaries to address operational, misidentification, and other concerns;
- recognize that other issues may warrant delaying the transfer of funds; and
- including a claw back provision.

SUPPORT

CalNonprofits (sponsor)

San Diego Humane Society (sponsor)

Valley Humane Society (sponsor)

Alan Hu Foundation

Animal Legal Defense Fund

Animal Save Movement

Animal Shelter Assistance Program

Aspira Philanthropy Lab

Association for Environmental and Outdoor Education

Association of California Symphony Orchestras

Autism Society Inland Empire Inc.

Berkeley-east Bay Humane Society

Best Friends Animal Society

Calaveras Humane Society

California Academy of Sciences

California Community Living Network

Cameo Network

Camp Ocean Pines, Inc.

Cancer Support Community San Francisco Bay Area

Center for Living and Learning

Chicas Mom, Inc.

Children's Fund

Chrysalis

Community Environmental Council

Creative Alternatives

Crop Swap LA

East Bay SPCA

Equality California

Foothill Family
Habitat For Humanity California
High Desert Community Foundation
Hospice Help Network
Humane Animal Services
Inland Valley Humane Society & SPCA
Joybound People & Pets
Kitchens for Good
Los Padres ForestWatch
Lumina Alliance
MAAC
Marin Shakespeare Company
Meals on Wheels Orange County
Media Alliance
Microenterprise Collaborative of Inland Southern California
Monterey Bay Aquarium
Nature for All
Newport Beach Public Library Foundation
Oceanside Ivey Ranch Park Association
Orange County Coastkeeper
Pasadena Humane
PathPoint
Pets Lifeline
Sacramento Philharmonic & Opera
Sacramento SPCA
Santa Barbara Humane Society
Santa Ynez Valley Humane Society
Sonoma Land Trust
SPCALA
Starting Over Inc.
Starting Over Strong
The Impact Fund
Tia Chucha's Centro Cultural
Tracy Community Connections Center
Tuleyome
Union Station Homeless Services
Woods Humane Society
YMCA of Silicon Valley

OPPOSITION

Securities Industry and Financial Markets Association

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation: AB 1683 (Kuykendall, Ch. 242, Stats. 1998) enacted the Uniform TOD Security Registration Act.
