Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1288 (Laird) – As Amended June 8, 2026

Policy Committee: Judiciary Vote: 11 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill amends the Uniform TOD (transfer-on-death) Security Registration Act to require registering entities to notify beneficiaries of a deceased owner's securities and to streamline the process by which beneficiaries claim and receive those securities.

More specifically, this bill:

1) Requires a registering entity, upon receipt of information establishing the death of all owners of a security, to initiate a beneficiary notification process and to make a reasonable and good-faith effort to notify each named beneficiary within 60 days, and specifies that a reasonable and good-faith effort may include acting on information in the client's records and information provided by the decedent, executor, trustee, or other credible source.

2) Permits a charitable entity to establish identity and entitlement through specified documentation, such as proof of death, a tax-exempt status letter, the entity's federal employer identification number and contact information, and a completed IRS Form W-9, and prohibits a registering entity from requiring personal identifying information from individuals associated with the entity.

3) Requires transfer of a beneficiary's share within 60 days of the beneficiary providing all required documentation and completing the registering entity's process, prohibits requiring co-beneficiaries to submit claims simultaneously or coordinate deadlines, and permits disbursement by check or fund transfer without requiring the beneficiary to open an account.

4) Exempts a registering entity from compliance where compliance would violate federal or state law, including rules of a self-regulatory organization under the federal Securities Exchange Act, and requires written notice to the beneficiary of the specific legal authority for noncompliance within 30 days.

5) Discharges a registering entity that relies on compliant documentation from all claims to the security by the estate, creditors, heirs, or devisees of a deceased owner, and applies prospectively to deaths occurring on or after January 1, 2027.

FISCAL EFFECT:

Potential court cost pressures of minor and absorbable amount (Trial Court Trust Fund (TCTF), General Fund (GF)). This bill establishes new enforceable duties, standards, and deadlines applicable to registering entities. Disputes over compliance, timing, share allocation, and the meaning of the good-faith standard would accordingly be resolved in the superior courts. The Judicial Council has reported no anticipated costs.

COMMENTS:

1) **Purpose**. According to the author:

> 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.

The bill is sponsored by a coalition of nonprofit charitable organizations.

2) **Background**. California adopted the Uniform TOD Security Registration Act in 1998 on the recommendation of the California Law Revision Commission, allowing securities owners to designate beneficiaries who take the securities upon the owner's death without probate. Existing law is silent on any duty of the registering entity — the bank, credit union, or brokerage holding the securities — to notify beneficiaries, and leaves claim procedures to each entity's internal policies. The author and supporters report that beneficiaries frequently receive no notice of an owner's death, leaving assets dormant until they revert to the estate for probate or escheat to the state as unclaimed property, and that even notified beneficiaries face lengthy documentation demands; the Assembly Judiciary Committee analysis recounts one supporting organization waiting two years for a transfer because the institution required all nine beneficiaries to file within the same 90-day window. The bill was substantially amended June 8 to address opposition concerns, adding the federal-law compliance exemption and the lien, levy, and court-order exception to the transfer deadline. The banking and financial services industry remains opposed unless amended, arguing principally that the bill should be limited to charitable beneficiaries — the scope of the model law and of the laws adopted in five other states — and that the notification duty should be narrowed or eliminated given operational and misidentification risks.

Analysis Prepared by: Shiran Zohar / APPR. / (916) 319-2081