

## **BILL ANALYSIS**

Senate Research Center

S.B. 504  
By: Harris  
Jurisprudence  
2-17-97  
As Filed

### **DIGEST**

Currently, Texas does not allow a brokerage account or mutual fund account owner to indicate a beneficiary, so that account passes directly to the beneficiary, rather than becoming part of the deceased person's estate. This bill allows certain persons to designate a beneficiary and includes the form indicated, order of passage to beneficiaries, rights of creditors, and procedures for registering entities.

### **PURPOSE**

As proposed, S.B. 504 allows certain persons to designate a beneficiary and includes the form indicated, order of passage to beneficiaries, rights of creditors, and procedures for registering entities.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter XI, Texas Probate Code, by adding Part 4, as follows:

#### **PART 4. UNIFORM TRANSFER ON DEATH SECURITY REGISTRATION ACT**

Sec. 466. DEFINITIONS. Defines "beneficiary form," "person," "register," "registering entity," "security," "security account," and "state."

Sec. 467. REGISTRATION IN BENEFICIARY FORM; SOLE OR JOINT TENANCY OWNERSHIP. Authorizes certain persons to obtain registration in beneficiary form. Provides that multiple owners of a security registered in beneficiary form hold as joint tenants with right of survivorship, as tenants by the entireties, or as owners of community property held in survivorship form, not as tenants in common.

Sec. 468. REGISTRATION IN BENEFICIARY FORM; APPLICABLE LAW. Sets forth requirements for registering a security in beneficiary form.

Sec. 469. ORIGINATION OF REGISTRATION IN BENEFICIARY FORM. Establishes a security is registered in beneficiary form if the registration includes a designation of a beneficiary to take the ownership at the death of the owner or the deaths of all multiple owners.

Sec. 470. FORM OF REGISTRATION IN BENEFICIARY FORM. Sets forth the form of registration in beneficiary form.

Sec. 471. EFFECT OF REGISTRATION IN BENEFICIARY FORM. Sets forth the effects of registration in beneficiary form.

Sec. 472. OWNERSHIP ON DEATH OF OWNER. Sets forth ownership of a registered security at the death of multiple or sole owners.

Sec. 473. PROTECTION OF REGISTERING ENTITY. Provides that a registering entity is not required to offer or accept a request for security registration in beneficiary form. Entitles an entity registering in beneficiary form to certain protections. Provides that the protection in this part to the registering entity of a security does not affect the rights of beneficiaries in disputes between themselves and other claimants to ownership of the security transferred or its value or proceeds.

Sec. 474. NONTESTAMENTARY TRANSFER ON DEATH. Sets forth the effectiveness of a transfer resulting from a registration in beneficiary form on death. Provides that this part does not limit the rights of creditors of security owners against beneficiaries and other transferees.

Sec. 475. RIGHTS OF CREDITOR ON REGISTRATION. Sets forth the rights and procedures of a creditor of securities registered in beneficiary form in order to gain access to those securities. Provides that this section does not affect the right of certain persons to make payment from or transfer of a security registered in beneficiary form according to the terms of the security or impose liability on certain entities unless the entity received notice of the need to pay debts, taxes, and expenses of administration.

Sec. 476. TERMS, CONDITIONS, AND FORMS FOR REGISTRATION. Sets forth requirements of terms, conditions, and illustrations of registration in beneficiary form.

Sec. 477. NOTICE OF EFFECT OF REGISTRATION. Requires a registering entity to provide a written statement on the effects of registration in beneficiary form (statement). Sets forth the language of the statement.

Sec. 478. EFFECT OF CERTAIN SECURITY ACCOUNT ON COMMUNITY PROPERTY INTEREST. Provides that a security account created with community property does not alter community property rights.

Sec. 478. SHORT TITLE: RULES OF CONSTRUCTION. Provides that this part may be cited as the Uniform Transfer on Death Security Registration Act. Requires this part to be liberally construed to promote its purposes and policy. Provides that unless displaced by the particular provisions of this part, the principles of law and equity supplement its provisions.

Sec. 480. APPLICATION OF ACT. Makes application of this Act prospective.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.