

BILL ANALYSIS

Senate Research Center
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S.B. 1020
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Payable on Death accounts allow financial accounts to transfer to another person on the account holder's death. This allows a named beneficiary to avoid the lengthy probate process and have access to the account immediately on the death of the account holder.

Unfortunately, under current law an account holder may not name a trustee of an express trust as a beneficiary. This prevents the account holder from moving the account upon their death into a trust for the benefit of their trust beneficiaries.

S.B. 1020 allows an account holder to name the trustee of an express trust as a beneficiary of a trust account or payee of a Payable on Death account.

As proposed, S.B. 1020 amends current law relating to the designation of the trustee of an express trust as a beneficiary of a trust account or a P.O.D. payee of a P.O.D. account.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 113.001, Estates Code, by amending Subdivisions (2) and (5) and adding Subdivision (2-b), as follows:

(2) Redefines "beneficiary" to mean a person or trustee of an express trust evidenced by a writing who is named in a trust account as a person for whom a party to the account is named as trustee.

(2-b) Defines "express trust" to have the meaning assigned by Section 111.004 (Definitions), Property Code.

(5) Redefines "P.O.D. payee" to mean a person, trustee of an express trust evidenced by a writing, or charitable organization designated on a P.O.D. account as a person to whom the account is payable on request after the death of one or more persons.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2015.