

# California State Senate

SENATOR  
JOHN LAIRD

SEVENTEENTH SENATE DISTRICT



## Senate Bill 1288 – Nonprofit and Beneficiary Access to Funds

### SUMMARY

Senate Bill 1288 ensures that nonprobate assets are distributed efficiently and in accordance with a decedent's wishes. The bill establishes clear notification requirements, sets reasonable verification standards, and streamlines administrative barriers so intended beneficiaries, including charitable organizations, receive funds promptly and as donors intended.

### BACKGROUND

Each year, Californians designate beneficiaries on retirement accounts, brokerage accounts, and transfer-on-death or payable-on-death accounts with the expectation that these nonprobate assets will be directly transferred to beneficiaries. Nonprobate transfers are intended to avoid lengthy court processes, reduce costs, and ensure timely distribution.

In practice, beneficiaries, particularly nonprofit organizations, often face significant obstacles in accessing nonprobate funds. Current law does not require financial institutions to notify beneficiaries when an account holder dies. As a result, charities and other beneficiaries rely on inconsistent notification practices that vary by institution, or on a trustee or family member who happens to discover the designated asset. This delays distribution or leaves funds dormant until they are eventually transferred to the state as unclaimed property.

Even when beneficiaries come forward to claim funds, they face inconsistent or excessive documentation requirements. Nonprofits are sometimes asked to provide personal information about staff or board members, or private details about

the decedent they cannot reasonably access. Executors and trustees may be unable to assist unless they are named beneficiaries themselves. In cases with multiple beneficiaries, payment is delayed until all parties submit claims simultaneously.

These barriers undermine donor intent, delay charitable services for nonprofit beneficiaries, and impose unnecessary burdens on grieving loved ones and other beneficiaries.

### THIS BILL

Senate Bill 1288 modernizes California's nonprobate transfer laws to ensure charitable gifts left to nonprofits and funds left to other beneficiaries are delivered efficiently and without unnecessary barriers. More specifically, SB 1288 will:

- Require institutions to notify named beneficiaries within 60 days of receiving reliable proof of death,
- Clarify how nonprofits, charitable trusts, and Section 501(c)(3) organizations may verify their identity without providing unnecessary personal information,
- Allow beneficiaries to receive their designated share independently, without waiting for co-beneficiaries to act,
- Prohibit institutions from requiring beneficiaries to open an account as a condition of payment, and
- Provide liability protection for institutions that act in good faith.

### SPONSORS

CalNonprofits  
San Diego Humane Society  
Valley Humane Society