

CHAPTER 94

H.B. No. 506

AN ACT

relating to the payment or transfer at death of certain death benefits.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 450(a), Texas Probate Code, is amended to read as follows:

(a) Any of the following provisions in an insurance policy, contract of employment, bond, mortgage, promissory note, deposit agreement, *employees' trust, retirement account, deferred compensation arrangement, custodial agreement*, pension plan, trust agreement, conveyance of real or personal property, or any other written instrument effective as a contract, gift, conveyance, or trust is deemed to be nontestamentary, and this code does not invalidate the instrument or any provision:

(1) that money or other benefits theretofore due to, controlled, or owned by a decedent shall be paid after his death to a person designated by the decedent in either the instrument or a separate writing, including a will, executed at the same time as the instrument or subsequently;

(2) that any money due or to become due under the instrument shall cease to be payable in event of the death of the promisee or the promissor before payment or demand; or

(3) that any property which is the subject of the instrument shall pass to a person designated by the decedent in either the instrument or a separate writing, including a will, executed at the same time as the instrument or subsequently.

SECTION 2. Section 450, Texas Probate Code, is amended by adding Subsection (c) to read as follows:

(c) *In this section:*

(1) *"Employees' trust" means:*

(A) *a trust that forms a part of a stock-bonus, pension, or profit-sharing plan under Section 401, Internal Revenue Code of 1954 (26 U.S.C.A. Sec. 401 (1986));*

(B) *a pension trust under Chapter 111, Property Code; and*

(C) *an employer-sponsored benefit plan or program, or any other retirement savings arrangement, including a pension plan created under Section 3, Employee Retirement Income Security Act of 1974 (29 U.S.C.A. Sec. 1002 (1986)), regardless of whether the plan, program, or arrangement is funded through a trust.*

(2) *“Individual retirement account” means a trust, custodial arrangement, or annuity under Section 408(a) or (b), Internal Revenue Code of 1954 (26 U.S.C.A. Sec. 408 (1986)).*

(3) *“Retirement account” means a retirement-annuity contract, an individual retirement account, a simplified employee pension, or any other retirement savings arrangement.*

(4) *“Retirement-annuity contract” means an annuity contract under Section 403, Internal Revenue Code of 1954 (26 U.S.C.A. Sec. 403 (1986)).*

(5) *“Simplified employee pension” means a trust, custodial arrangement, or annuity under Section 408, Internal Revenue Code of 1954 (26 U.S.C.A. Sec. 408 (1986)).*

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 2, 1987, by a non-record vote. Passed by the Senate on April 30, 1987, by the following vote: Yeas 31, Nays 0.

Approved May 14, 1987.

Effective 90 days after date of adjournment.