



**BETTY T. YEE**  
California State Controller  
**UNCLAIMED PROPERTY DIVISION**

**Notice to Holders**  
**April 2022**

**NEW LAW**  
**Preneed Funeral Trusts**

This notice is to advise holders of revisions to the Unclaimed Property Law (Code of Civil Procedure [CCP] section 1500 et. seq.) that will become operative January 1, 2023, and to assist holders in complying with due diligence requirements holders will need to perform prior to this date.

**Preneed Funeral Trusts – Unclaimed Property**

[Assembly Bill \(AB\) 293](#) (Chapter 514, Statutes of 2021) amends Section 7737 of the [Business and Professions Code \(BPC\)](#), adds Section 1518.5 to and amends Sections 1520 and 1560 of the [CCP](#). California Unclaimed Property Law (UPL) requires businesses to review their books and records annually and report any property to the state when there has been no activity for a period of time, usually a three-year dormancy period.

AB 293 revises the UPL as follows:

- Defines funeral establishments as holders of preneed funeral trusts.
- Defines the dormancy period of unclaimed preneed funeral trusts to be three years after the trust becomes payable or distributable.
- Defines the conditions under which preneed funeral trust funds and accrued interest become payable or distributable under UPL. Holders may retain—and do not need to report—the reserved revocation fee outlined in BPC Section 7735. These conditions include any of the following:
  - The beneficiary of the trust reaches 105 years of age, or would have reached if still living;
  - Forty-five years have passed since the execution of the preneed funeral agreement;
  - The holder received notification of the death or presumed death of the beneficiary and the holder has not provided the contracted funeral merchandise or services; or
  - The preneed funeral trust is a preneed installment trust and the amount due to the funeral establishment from the trustor has not been paid during the three preceding years, and neither the trustor nor the beneficiary has communicated with either the funeral establishment or the trustee about the preneed funeral installment trust during that three-year period.
- Requires funeral establishments to send notices to owners between 6–12 months and before the preneed funeral trust becomes reportable, notifying them that their preneed funeral trust may be transferred to the state.

- Requires trustees holding preneed funeral trust funds for funeral establishments that have been closed, sold, dissolved, or had their license revoked, to report and pay or deliver to the Controller all unclaimed preneed funeral trust funds and any income accrued to the state within six months of the date of final distribution or liquidation.
- Defines conditions under which the holder may recover funds that have been transferred to the state if funeral merchandise or services are provided.
- Relieves the holder of further liability regarding the preneed trust funds once they are transferred to the state.
- Prohibits trustees and funeral establishments from charging preneed funeral trusts any fees or costs related to the search or verification of ownership of unclaimed preneed funeral trusts.

California has a unique, two-report process for reporting unclaimed property. SCO recommends first-time reporters register for a [free educational webinar](#) on California's unclaimed property reporting process. For complete reporting instructions, forms, and links to free reporting software, visit the State Controller's website at [GoReport.sco.ca.gov](http://GoReport.sco.ca.gov).

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If you have any questions, please contact the Outreach and Compliance Unit at [UPDHolderOutreach@sco.ca.gov](mailto:UPDHolderOutreach@sco.ca.gov) or (916) 464-6088.