



KANSAS BANKERS ASSOCIATION

Date: March 8, 2023

To: House Committee on Judiciary
Representative Fred Patton, Chairman

From: Kelly VanZwoll—AVP Government Relations
Kansas Bankers Association

Re: Verbal Proponent Testimony for SB 243

Dear Chairman Patton and Members of the Committee:

I am Kelly VanZwoll appearing on behalf of the Kansas Bankers Association (KBA), organized in 1887 and whose membership includes 98% of the 220 banks and savings & loans headquartered in Kansas. Our membership also includes 20 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 22,000 Kansans that provide financial services in every county across the state. Our organizational mission statement is:

"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."

Thank you for the opportunity to submit testimony in support of SB 243. Currently, when there are settlement agreements for minors those payouts are often put into an account at a financial institution either through a court ordered account or under the Kansas Uniform Transfers to Minor Act. SB 243 would create another option for these payouts to be deposited without requiring the minor to get a court order or have a custodian appointed. We appreciate the introducing party and stakeholders' efforts to work with us on this bill and the inclusion of a few friendly amendments.

When an individual opens a personal account at a financial institution they have the option to add a payable on death (POD) beneficiary to the account. By adding a POD beneficiary, when the account owner dies any money in the account automatically goes to the POD beneficiary and they do not have to go through the probate or estate process. A POD beneficiary is recognized under Kansas law, K.S.A. 9-1215, for estate planning purposes. Our first amendment added clarifying language on page 3 to section (d) stating that any account opened with a settlement agreement per this act would be able to add a POD beneficiary. This would give the financial institution opening the account direction in knowing that should something happen to the owner they have the clear knowledge of to whom they pay out the account.

Our second amendment added language on page 3 in section (f) to clarify that the financial institution that opens the account is not responsible for tracking the use of the funds. This language would offer financial institutions the same amount of protection that is afforded insurers in section (f)(2) of this act.

Finally, we requested that the thresholds be increased in KSA 59-3053, 59-3055, and 38-1707 from \$10,000 to \$25,000. These other statutes cover the existing ways settlement money is currently being deposited into accounts for minors and the thresholds have not been adjusted for some time. Currently, both the minor court order accounts and the Uniform Transfer to Minor accounts are capped at \$10,000. We believe that it would not only be fair to match these accounts to the proposed settlement agreement accounts capped amount, but it would create less confusion on the options for those attempting to create the account for the minor and the financial institutions that would then open them.

We respectfully request that when the Committee takes action on SB 243, it act favorably on it as amended. Again, Mr. Chairman, thank you for your time, and if you or the committee have questions or require additional information, don't hesitate to contact me at kvanzwoll@ksbankers.com or (785) 232-3444.