

What is Your Plan?

Avoid Honest Mistakes— Beneficiary Designations Must be Up-to-Date



Retirement plans, annuity contracts and life insurance policies acquired through an employer or owned individually usually have specific named beneficiaries that supersede any instructions in a will. These assets convey directly to heirs, and are not subject to the time-consuming and potentially costly probate process.

A named beneficiary can be anyone you wish to inherit your assets—a relative, friend, trust, charity, university or another institution. You can also choose more than one primary beneficiary and specify the percentage of their assets that each will receive.

In addition, you may want to name secondary beneficiaries, who would inherit only if something were to happen to the primary beneficiary before the benefit was actually paid.

Has Your Situation Changed?

Financial institutions may be obligated to transfer your assets or pay insurance benefits to whomever you have named on the official designation forms, even if your situation has changed and there would seem to be an obvious mistake.

- There have been unfortunate cases when an ex-spouse remained listed as a beneficiary, despite the fact that the account holder had long been remarried and fully intended for the current spouse to receive the funds.
- Failing to add the latest-born child to the list of previously-named beneficiaries is another regrettable oversight. Also, grown children who previously named their parents frequently forget to make a change once they are married and have their own families.

Some financial experts estimate that as many as **90%** of families have mistakes on their beneficiary forms.

Source: Senior Market Advisor Magazine, September 2010

Are Your Forms Up-To-Date?

It's a good idea to check periodically and confirm that your intended beneficiaries are named correctly on all of your accounts and policies.

If you need to adjust your designations, you can often find the forms on your financial institution's website, or simply call to request them. Make copies of all the beneficiary forms you have submitted and keep them with the rest of your estate planning documents.

Decisions concerning the naming of beneficiaries should usually be made in light of your overall estate plan, so you may want to consult an estate-planning professional for advice. If you don't already have someone you know and trust, feel free to contact your real estate agent who may be able to recommend a qualified individual who can help.