

BENEFICIARY DESIGNATIONS

Have you recently married or gone through a divorce, started a family, celebrated your child's entrance into adulthood, retired from your job or experienced the loss of a loved one? Any of these life events could mean that your beneficiary designations are no longer up to date. This could create major problems for your heirs in the future.

Beneficiaries are the individuals or entities (such as a charity) that you named to receive certain assets upon your death. Life insurance policies, annuities, trusts and retirement plans designate a beneficiary. These assets are often referred to as non-probate assets, because they typically go the beneficiary automatically, rather than going through the probate process, like property that passes to heirs through a Will. At your death, the beneficiary designation forms actually override your Will.

When you update your beneficiary designations to reflect your current situation, bear in mind the following tips:

- ✍ Beneficiary designations are easily changed in most, but not all, cases. Typically, all that you will have to do is fill out a new form and sign it. However, some beneficiaries cannot be changed. For example, if your divorce decree stipulates that your ex-wife/husband must be the beneficiary of your life insurance policy, you cannot change that designation.
- ✍ Children cannot be named as beneficiaries. If your child is under the age of 18 (in Indiana), you cannot name a minor child beneficiary of a life insurance policy, retirement plan or an annuity. However, you can name a guardian to receive the assets for the child's benefit, or set up a trust for the child and name the trust as the beneficiary. Upon your death, the trustee will become the legal owner of the proceeds, and the child, as the trust's beneficiary, will become the beneficial owner of the proceeds.
- ✍ You should always name both a primary and contingent beneficiary. The primary beneficiary(s) are first choice to receive the assets upon your death. The contingent beneficiary(s) will receive the assets if the primary beneficiary(s) is no longer living when you die. If the beneficiary that you named has died, state law will determine who will receive the assets. If you do not name a beneficiary, the asset will go into your estate. The heirs named in your estate will eventually receive the proceeds, but they may not be whom you intended to receive these particular assets.

To prevent complications, it is critical to keep beneficiary designations up to date. It may take some time to conduct this review, however, you will know

that you have accomplished something important and your loved ones will thank you for it.