

Do You Know Who Your Beneficiaries Are?

Why you should periodically review beneficiary designations.

Provided by Matthew C. Bayer

Your beneficiary choices may need to change with the times. When did you open your first IRA? When did you buy your life insurance policy? Are you still living in the same home and working at the same job as you did back then? Have your priorities changed a bit – perhaps more than a bit?

While your beneficiary choices may seem obvious and rock solid when you initially make them, time has a way of altering things. In a stretch of five or ten years, some major changes can occur in your life – and they may warrant changes in your beneficiary decisions. In fact, you might want to review them annually.

Beneficiary designations commonly override bequests made in a will or living trust. Many people do not realize this. When assets have designated beneficiaries, they can usually avoid probate and transfer directly to that person.^{1,2}

You may have chosen the “smartest financial mind” in your family as your beneficiary, thinking that he or she has the knowledge to carry out your financial wishes in the event of your death. But what if this person passes away before you do? What if you change your mind about the way you want your assets distributed and are unable to communicate your intentions in time? And what if he or she inherits tax problems as a result of receiving your assets?

Are your beneficiary designations up to date? Don't assume. Don't guess. Make sure your assets are set to transfer to the people or institutions you prefer. If you're not certain you understand all the possible ramifications of your selections, you may want to reach out to a qualified financial professional for guidance.

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Citations.

1 - thebalance.com/why-beneficiary-designations-override-your-will-2388824 [8/28/17]

2 - wealthmanagement.com/estate-planning/designating-beneficiary-not-easy-it-looks [4/23/18]