

Do You Know Who Your Beneficiaries Are? – Video Script

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Beneficiary designations are needed when you open a retirement savings account, such as a work-based plan or IRA, as well as when you purchase a life insurance policy or buy an annuity contract.

In the event of your death, these potentially valuable assets will pass directly to your designated beneficiaries, taking precedence over instructions in a will and bypassing the probate process entirely.

If you don't name a beneficiary for your account, your beneficiary may be determined by federal or state law or by the plan document that governs your account.

Generally, you can designate primary and secondary beneficiaries who will inherit the assets.

Check with your plan custodian or trustee to make sure that the paperwork is on file, and keep copies with your other estate planning documents.

And remember to review your beneficiary designations periodically. Failing to update your beneficiaries when different life events occur may result in your assets going to someone you did not intend.

Any number of situations — marriage, divorce, remarriage, the birth of a child or grandchild, and the death of a spouse — can change the way you want your assets to be distributed.

Your choice of beneficiaries can have important, long-term consequences. So be sure you consider your designations carefully. You may want to seek the guidance of an estate planning professional.