

FAQ: Common mistakes with beneficiary designations

Proceeds from life insurance proceeds and amounts in IRAs, 401(k) accounts and other retirement plans are distributed in accordance with their beneficiary designations, not according to your Will. Accordingly, it is important to carefully structure the beneficiary designations to be sure that the insurance proceeds and retirement funds are distributed in accordance with your wishes (and coordinated with the rest of your estate plan). Some common mistakes in beneficiary designations include:

- Not changing the beneficiary designations to reflect changes in circumstances. For example, not adding your spouse as a beneficiary after getting married (or not removing the spouse after a divorce).
- Naming a child as a beneficiary where the child is a minor (instead it may be more appropriate to name a Trust as a beneficiary).
- Naming a child as a beneficiary where you may have additional children in the future (instead, consider naming “my children” or “the Trusts created for my children” as the beneficiary).
- Not including a contingent (or secondary) beneficiary if the primary beneficiary does not survive you.

As with the rest of your estate plan, it is important to review the beneficiary designations periodically to be sure they are up-to-date.