

Protect those you cherish

Review your beneficiary designations today

What is a beneficiary designation?

A beneficiary is the person (or people, or entity) you designate to receive your assets when you pass away. For accounts like your 401(k), IRA, Roth IRA, or investment accounts with a Transfer on Death (TOD) designation, your beneficiary designation often overrides your will – so it's crucial to get this right. Naming beneficiaries is simple, but the impact is lasting. Below are key considerations to help ensure your legacy is passed on according to your wishes.

HELPFUL TIPS

- **Your workplace retirement plan beneficiary designation**, not your will, determines who receives these assets. If you don't name a beneficiary, the plan's provisions control who inherits it. If you have multiple retirement accounts, you need to designate beneficiaries for each account.
- **Keep beneficiary designations up to date.** Life changes like marriage, divorce, births, or deaths are a good time to review.
- **Designate both primary and contingent beneficiaries.** Contingents are backups in case the primary beneficiary passes away before you do.
- **Have a choice between Per Stirpes and Per Capita?** Here's what it means. Per stirpes means each branch of the family inherits equally - so if a beneficiary has already died, their inherited share goes to their children instead. Per capita means all living beneficiaries at the same level inherit equally - so if one has already died, their share is divided among the other living beneficiaries.
- **If your minor children are beneficiaries**, your children will get access to your retirement plan assets when they reach the age of majority (either 18 or 21, depending on the state).
- **In a Joint Tenants with Rights of Survivorship (JTWROS) account**, two or more individuals jointly own the asset. A significant characteristic of JTWROS ownership is that if one owner dies, their share automatically passes to the surviving owner(s) without going through probate. This is known as the right of survivorship. Naming one of the joint owners as the beneficiary essentially duplicates this function, potentially causing confusion or unnecessary administrative burden. In a JTWROS account, it is best to designate a beneficiary other than one of the joint owners.
- **Can I name my trust as a beneficiary?** While it is possible to name your trust as a beneficiary on your accounts, you should consult with an attorney before you do so.



Have accounts on Altruist? Click the link to watch our 2-minute video on designating beneficiaries in your Altruist portal:

<https://www.youtube.com/watch?v=O9nDEfqf2s>