



## Why You Need to Name Your Beneficiaries

Life insurance and annuities can bring protection and retirement income that help people meet their financial needs and goals. When you buy these items, you get the opportunity to name beneficiaries who will receive distributions after you pass away.<sup>[1]</sup> This article provides insight into why you name beneficiaries and how that helps protect you and your estate.

### **Who can you designate as a beneficiary?**

Typically, you can choose any living person whom you would want to financially benefit from this contractual relationship.<sup>[2]</sup> However, you usually cannot name minors as beneficiaries, and the rules and age limits vary by state.<sup>[3]</sup> As you get older, you should periodically reexamine your beneficiary designations to help ensure that the information is up-to-date.

### **Why do you name them?**

When you put money into your life insurance and annuities, you gain the protection of those investments.

For life insurance, the policy generally pays to your beneficiaries designated amounts and helps cover burial costs and other overall daily expenses. The goal is to have the money serve as a safeguard against any income lost as a result of the insured individual's death.<sup>[4]</sup>

With annuities, you have the ability to start taking withdrawals in retirement for

income. Should you still have value in your annuities after passing away, your beneficiaries receive the distributions.<sup>[5]</sup>

### **What happens if you don't name a beneficiary?**

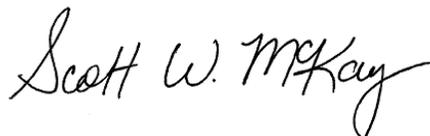
If you don't name a beneficiary to your life insurance and your annuities, upon your death your family could lose all the money you've invested. Your assets could go through probate and leave family members directed by the provisions of your will. Additional tax consequences for your estate could also emerge as a result of having no beneficiaries in place.<sup>[6]</sup>

### **How does naming beneficiaries affect your will?**

Having a will is an important part of an estate plan because it lets your executors know how to fulfill your wishes and needs upon your death. Your beneficiaries are unique in this aspect: When you name beneficiaries to your life insurance and annuities, their designations will override any direction of your will.<sup>[7]</sup> For this reason, you need to make sure all beneficiary designations are up-to-date and reflect your wishes today.

Ultimately, naming beneficiaries for your life insurance and annuities is as important as having the financial protection that these investments can provide you. Not only will you help ensure that your family benefits from the invested value of your money, but you'll also avoid hefty tax consequences on your assets more effectively. If you would like to discuss your beneficiary designations and options, we are happy to talk.

Warmly,



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