

RETIREMENT PLANNING

HAVE YOU DESIGNATED A BENEFICIARY IN YOUR 401(K) ACCOUNT?

Did you know that your insurance or estate beneficiaries do not automatically apply to your 401(k)? The process of updating a beneficiary should be quick, although it may feel slightly uncomfortable since you are forced to think about your own death. The discomfort is worthwhile because beneficiary designations play a powerful role in our legal system by overriding a will and avoiding probate.

WHAT ARE THE TYPES OF BENEFICIARIES?

Primary Beneficiary: The person(s) who will inherit your 401(k) account should you die. You can elect more than one primary beneficiary. For example, 50% delegation to your older sister and 50% delegation to your younger brother.

Contingent Beneficiary: The person(s) who will inherit your 401(k) account should you die, and your primary beneficiary(s) is also deceased.

ARE YOU MARRIED?

Under federal law, married people automatically receive title to 401(k) accounts when their spouse dies. Even so, we recommend that married people update their beneficiary information within their retirement accounts.

If you are separated, divorced, or remarried then maintaining updated beneficiaries for your retirement accounts is essential.

ARE YOU SINGLE?

Single people – it is important to update your beneficiary designations! When you have named a beneficiary for your 401(k) account, the assets can be transferred quickly and easily when you die. Without a designated beneficiary, your family is left with a tireless legal process that hopefully results in accessing your dollars.

DO YOU HAVE KIDS?

Children who are minors (under age 18) cannot directly access the dollars in a 401(k) account if they are named the beneficiary. Children will often be named contingent beneficiaries.

HOW DOES ONE UPDATE A BENEFICIARY?

Most recordkeepers allow participants to update their beneficiaries online. We recommend taking the time to do that today! If you have any trouble, both our team Human Investing and your recordkeeper are helpful resources to utilize when updating your account information.