

What is a beneficiary?

Written by By Al Martinez Guest Columnist
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A beneficiary is a person or entity who receives the benefits of a financial account, insurance policy, or estate plan in the event of the account owner's death.

For example, if you have a life insurance policy, you would name a beneficiary to receive the proceeds of the policy if you were to pass away. Similarly, if you have a retirement account, you would name a beneficiary to receive the funds in the account after your death.

Beneficiaries can be individuals, such as family members or friends, or they can be entities, such as a charity or a trust. It's important to ensure that your beneficiary designations are up to date and reflect your wishes to ensure that your assets are distributed according to your wishes in the event of your death.

How do I name a beneficiary?

Naming a beneficiary typically involves filling out a form provided by the organization or institution that holds your account or policy.

To name a beneficiary, you will need to provide the following information:

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Full name of the beneficiary

Their relationship to you (spouse, child, etc.)

Their date of birth

Their Social Security number (or equivalent identification number, if applicable)

You may also need to specify the percentage of the account or policy that you want each beneficiary to receive, if you are naming more than one person.

Once you have completed the form, make sure to review it carefully and ensure that all the information is accurate. Sign and date the form, and submit it to the organization or institution that holds your account or policy. They will typically keep a copy of the form on file and use it to distribute the assets to your named beneficiaries in the event of your death.

It's important to keep your beneficiary designations up to date, especially after major life events such as marriage, divorce, birth of a child, or death of a beneficiary.

How do I make changes or update my beneficiary?

To update your beneficiary designation, you may need to fill out a new form with the updated information and submit it to the organization or institution that holds your account or policy. You should also keep a copy of the updated form for your records.

It's also important to ensure that your beneficiary designations are consistent with your overall estate planning goals. If you have a will or trust, you may want to coordinate your beneficiary designations with those documents to ensure that your assets are distributed according to your

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wishes.

Finally, it's a good idea to review your beneficiary designations periodically to ensure that they still reflect your wishes and that all the information is up to date. This can help avoid any confusion or unintended consequences in the event of your death.

Al Martinez is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

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