

Update Your Beneficiary Designations

Who have you designated as beneficiaries for your insurance policies and retirement accounts? If you can't remember, you're not alone. But it's worth checking. If you make the wrong decision, it could affect who inherits those assets. In some cases, it could also change the taxes your beneficiaries will pay and the value they'll receive. Here are some key facts about beneficiary designations.

What are they?

- » When you designate a beneficiary for an account, you are naming the person you want to inherit that account.
- » Your designation determines who will inherit the assets in the account, regardless of what your will might say. Generally, the assets will bypass probate and go straight to the person or institution you named.
- » You can designate a person or group of persons, a charity, a trust, or your estate. You may also want to designate a secondary or backup beneficiary in case the primary is no longer living.

Why are they important?

- » It's important to keep beneficiary designations up to date because they determine who will inherit the assets in your accounts. Changing your will won't change the beneficiaries.
- » There can be tax implications too. With a traditional IRA, your choice of beneficiary can affect how quickly withdrawals must be made and taxes paid. That can change the value of the IRA to your beneficiary.

How do you update them?

- » First, find copies of all your current designations. Contact your insurance company and plan trustees if you can't locate the documents.
- » Review them and decide what changes you'd like to make. Make an appointment to go over the changes with your tax or estate planning advisor.
- » Send your updated designations to the account trustees. Make sure you receive confirmations and keep copies in your records.

For more information about designating beneficiaries, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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