



The Importance of Naming a Beneficiary



Do you know what will happen to your retirement savings if you were to pass away? Here are some things you should know about naming beneficiaries that could save your loved ones' time, money and frustration.

Facts about beneficiary designations

48% of people don't have a named beneficiary.¹ Generally, if you are married, your retirement account will automatically go to your spouse. If you plan on leaving money with your children or another person, your spouse would need to sign off on the change. If you are single, your savings becomes a part of your estate. This means the courts will decide how your estate is distributed. Keep in mind that this process can be long and expensive process for your grieving loved one.

Types of beneficiaries

Primary, Contingent, and Charities can be chosen as beneficiaries.

- **Primary:** This is a person/entity you designate as first in line to inherit your assets. More than one can be named.
- **Contingent:** This is your backup to your primary beneficiary. If your primary beneficiary has passed away prior to your death, the contingent will be next to receive the specified share of your account.
- **Charities:** Charitable organizations can be listed as primary or contingent beneficiaries, although they must have the legal ability to accept your assets. Information on the charity will be needed as well as knowing the charity's instructions on who should be the contact person.

Wills

While a will can be a great estate-planning tool, this doesn't cover your retirement assets. Naming your beneficiary designations in your retirement plan would help your loved ones avoid more paperwork and stress.

Life changes

You should review your beneficiary designations when you have life changes, like marriage, divorce, children, or death, in the family. We suggest reviewing your beneficiary designation annually.

Minors

If you designate a minor/child, nominate a custodian to manage the money with you/your beneficiary's interest.

You can designate your beneficiary in a matter of minutes

To designate your beneficiary online, sign in to your 401(k) account on your provider's website. Locate the beneficiary section and add or update your beneficiary. If you are married and opt not to designate your spouse, additional signatures may be required.

Learn how to add/update your beneficiaries by contacting TP investment Advisory Services at 610-254-0451 or visit tpadilla@tp-advisory.com.

Sources:

1 Fidelity analysis of 18.9M active plan participants with a balance as of November 2021.
Beneficiary Flyer; Transamerica, June 2022

TP Investment Advisory Services 630 Freedom Business Center Dr. 3rd Floor King of Prussia PA 19406 | 610-254-0451|

www.tp-advisory.com

ACR#5370629 12/22