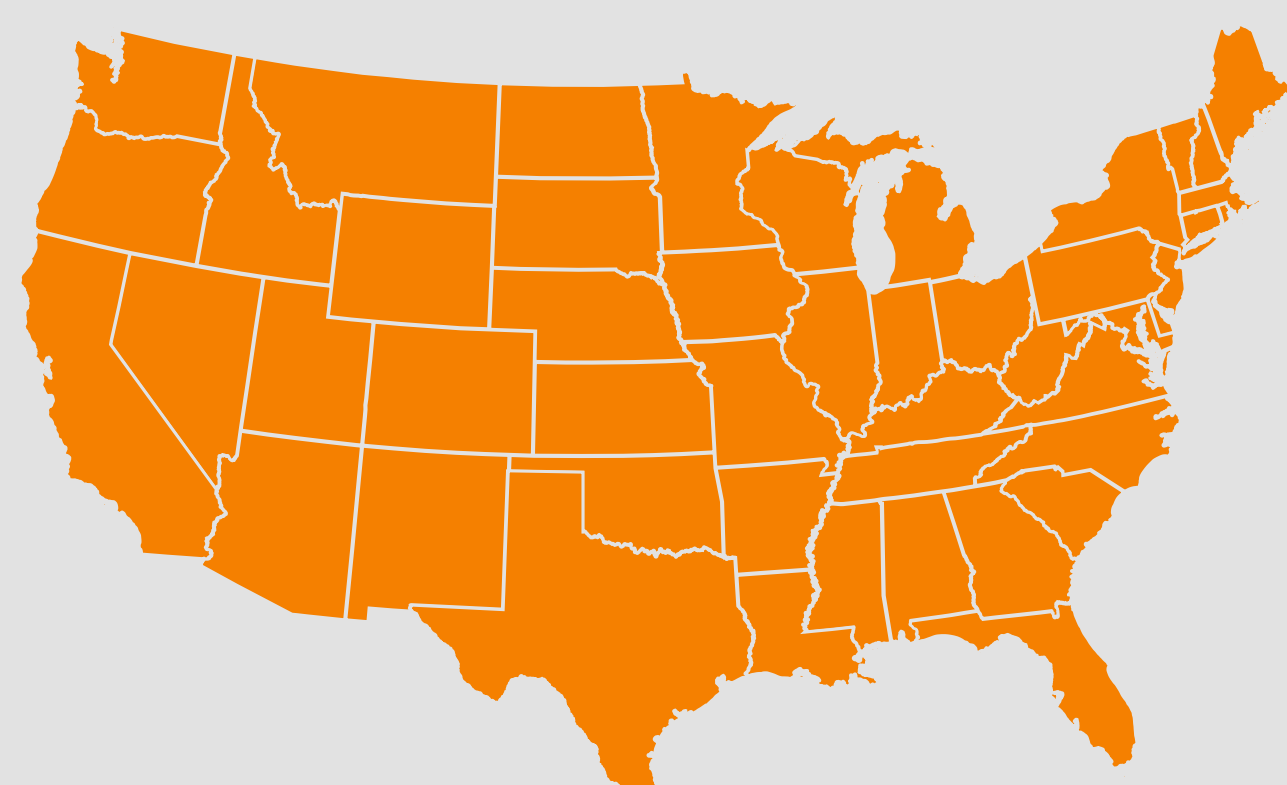




Understanding Beneficiaries

In life insurance, a beneficiary is a person/people or entity (such as a trust, charity, etc.) that receives the death benefit payment when an insured person passes away.



In 2018, over **\$77 billion** was paid out in life insurance claims in the U.S.¹

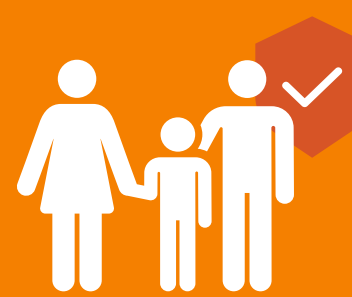
1 First Choice

Your **primary** beneficiary can be one person or multiple people. They are first in line to receive this death benefit. The percentage interests of all primary beneficiaries must add up to 100%.

2 Second Choice

Your **contingent** beneficiary/beneficiaries will receive the death benefit if the primary beneficiary/beneficiaries can't be found. The percentage interests of all contingent beneficiaries must add up to 100%.

None of the above



In most cases, if you **do not name** a beneficiary, the death benefit will go to your estate. Or, it may be paid in an order (such as spouse, children, parents, siblings) that's been defined by the insurance company and is based on the provisions of your policy. Either way, if you don't name it, you don't get to decide.

Some important considerations



⚠ Before you name a child as a beneficiary

Know that most insurance companies won't pay proceeds to minors. Money could go into a state-owned trust until the child becomes an adult or until a custodian is named. Even if a minor is allowed, there may be additional court documentation needed, and/or legal fees involved to access the benefit payment.

Consider this instead: Consult with a legal advisor to make your intentions clear through will and estate planning—and use that when naming your beneficiary.



⚠ Before you name someone with special needs as a beneficiary

Know that it could impact any government benefits he or she may currently receive.

Consider this instead: Consult with a legal advisor to create a special-needs trust that will help properly protect your beneficiary over the long-term.

Look again after these life events

Make it a point to review your beneficiary list on a regular basis, especially if you've experienced an important life event like:



Marriage or divorce



Childbirth or adoption



The loss of a loved one

Remember:

Life insurance allows you to leave financial support for the people and/or causes you love.

Make sure it goes where you intended.

Double check your beneficiary designations today.

¹Source: Insurance Information Institute. Retrieved on May 28, 2020 from <https://www.iii.org/publications/2020-insurance-fact-book/life-annuity-financial-data/payouts>.

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