What is a Beneficiary Designation?

Beneficiary designations allow financial assets to pass after death to the person or people of your choosing. Setting up beneficiary designations can help avoid a court or someone else deciding who will receive a financial asset after you pass away.

- It is important to make sure that your beneficiary designations are up-to-date and match your intentions about who you want to receive your financial assets after you pass away.

Why is it a good idea to check and update your beneficiary designations?

When beneficiary designations do not match your intentions about who should receive your assets after you pass, your loved ones are left to navigate difficult logistics during a time of grief and significant life change.

Many times, beneficiary designations are set earlier in life and never updated. This can result in parents or an ex-spouse, for example, receiving assets that you wish to go to someone else.

- The person who receives the asset may decide to keep it and not transfer it to the person who you intended to receive the asset.
- Even if that person agrees to transfer the asset, there could be taxes associated with the transfer that reduce the amount or value of the asset.

What sort of things can have beneficiary designations and how do you set it up?

It is a good idea to make a list of all your financial assets to determine which ones can be set up with the beneficiary(ies) of your choice. Assets may include:

- Financial accounts such as 401K, pension, IRA, annuity, money market, and other brokerage accounts can have beneficiary designations.
- Bank accounts such as checking and savings accounts can also have beneficiaries. Banks sometimes call this a “payable on death designation.”
- You can also designate beneficiaries on life insurance policies.

The backside of this sheet includes a table to help you get started.

Do you need a beneficiary designation for joint bank accounts?

Not necessarily. Ownership of a joint bank account is shared by the joint owners.

- When you pass away, full ownership of a joint bank account will remain with the surviving owner and will not pass to any listed beneficiary(ies) while any joint owner is alive.
- But, if you want the funds to pass to a specific person or people after all joint owners pass away, then it is a good idea to list a beneficiary(ies).

Beneficiary Designation Worksheet

TYPE OF ACCOUNT	BANK OR COMPANY	DESIGNATED BENEFICIARY	RELATIONSHIP	LAST UPDATED
(Example) 401K	Fidelity	Joe Smith	Son	01/01/2025

- You can add or update a beneficiary designation through your online portal or by contacting the company that manages the account.
- If you have multiple beneficiaries for an account, you can designate what percentage of the funds each beneficiary will receive.
- If you have a Power of Attorney, they may also have the power to do this for you.

If you have questions about beneficiary designations or how to make these changes, Cancer Legal Care can give you free guidance. Contact us at 651-917-9000 or www.cancerlegalcare.org.