

Beneficiary Review: A "Must-Do"

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by Eric Coffman MBA, CFP®, AIF®

It is important to review your beneficiary designations to ensure that your assets will pass to the people you want to inherit them. Indeed, years of careful and sacrificial saving can go for naught if your wealth is not transferred in a manner in keeping with your wishes.



A thorough beneficiary review includes confirming your beneficiary designations for your employer retirement plans (403b, 401k, 457b), annuities (including deferred compensation contracts), IRAs and life insurance policies.

Here are some important considerations related to a beneficiary review:

- 1 Provision of financial security for loved ones.** Assuring that your loved ones have resources to provide for their health, education and general well-being is of course very important. Have you ensured that this will take place at your death?
- 2 The need to designate on multiple retirement accounts.** Your employer may offer a 401k plan, a 403b plan and possibly a 457b plan. Are you aware that a separate beneficiary designation is typically required for each account?
- 3 Adjust for life changes.** Your life may have changed as a result of a death or divorce, for example. Quite often people overlook the important step of revising their beneficiary designations. Are you certain those people whom you intend to inherit your wealth are currently properly designated as your beneficiaries?
- 4 Should your trust be listed as a beneficiary?** The question of whether to list a trust as a beneficiary is complex and should be reviewed with your attorney as there are legal and tax considerations.

Per Estate Planning Attorney Paul Miller, "Individuals need to consider factors particular to their situation when considering naming a trust as either a Primary, or Contingent beneficiary on assets or benefits. The type of trust, together with the nature of the asset to be paid to the trust, must be evaluated before having the trust named as a beneficiary."

You may have created a trust for any number of purposes.

Trusts can be helpful in:

- Specifying the conditions which must be met for minor children to receive financial assistance
- Ensuring that certain individuals receive sufficient assets in the event of a second marriage
- Providing of the care of children who have special needs
- Protecting your family from estate taxes

If you have a trust, your attorney has likely provided you with instructions as to if and how it should be listed as a beneficiary.

Make it a point to confirm your beneficiary designations today. As a habit, review them annually each year on the same day or whenever a significant life change happens. Contact your Wealth Impact advisor if you would like to discuss.

About the Author Eric Coffman MBA, CFP®, AIF®

Eric is a managing partner of the independent wealth management practice, Wealth Impact Advisors, LLC. He has provided financial guidance to medical professionals, business owners and families for over two decades. He is proud to serve clients in a fiduciary capacity as a CERTIFIED FINANCIAL PLANNER™ practitioner and an Accredited Investment Fiduciary®.

Eric's passionate about helping people explore how they can use their wealth to live the best life possible which includes having a positive impact on loved ones and their community.

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