

Naming a Beneficiary

A Key Component of Financial Wellness



An important part of owning life insurance and other financial products is designating your beneficiaries — the people who receive the benefits from your policy or accounts when you die. Here is some basic beneficiary information that may help.

What is a Beneficiary?

A beneficiary is the person or entity that you legally designate to receive the benefits from your financial products. For life insurance coverage, that is the death benefit your policy will pay if you die. For retirement or investment accounts, that is the balance of your assets in those accounts.

There are two types of beneficiaries: primary and contingent. A primary beneficiary is the person (or persons) first in line to receive the death benefit from your life insurance policy — typically your spouse, children or other family members. In the event your primary beneficiary dies before or at the same time as you, most policies also allow you to name at least one backup beneficiary, called a “secondary” or “contingent” beneficiary. If the primary beneficiaries are all deceased, the secondary beneficiaries receive the death benefit.

Why do I Need to Name a Beneficiary?

Many financial products — including life insurance benefits — are generally not governed by your will, so the only way to make sure your policy’s benefits are distributed how you intend is to make sure you’ve named a beneficiary for all of your policies and accounts.

What Happens if I Don’t Name a Beneficiary?

If you don’t designate a beneficiary, it may be unclear who is entitled to the funds, which can delay the benefit payment. For retirement accounts like a

401(k), if you die without a beneficiary named, your assets will likely be held in probate — a legal process where a court has to sort out your financial situation and determine how to distribute your assets.

Most life insurance policies have a default order of payment if you do not name a beneficiary. For many individual policies, the death benefit will be paid to the owner of the policy if they are different than the insured person and still alive, otherwise it will be paid to the owner’s estate.

For group insurance policies, the order typically starts with your spouse, then your children, then your parents, and then your estate.

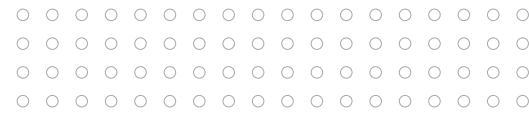


How to Name a Beneficiary

Most financial services companies provide a form or website for you to designate your beneficiary so they have it on file with your other account or policy information. If you have life insurance or retirement accounts through your employer, they may keep your beneficiaries on file for all of your employee benefits — life insurance, retirement plan, profit-sharing plan, or other benefits.

If you have investments, retirement accounts or life insurance through a financial professional, check with them to make sure you have beneficiaries on file.





What Information Do I Need to Provide?

When you name your beneficiary, be specific. Most beneficiary designations will require you to provide a person’s full legal name and their relationship to you (spouse, child, mother, etc.). Some beneficiary designations also include information like mailing address, email, phone number, date of birth and Social Security number.

Providing as much information as possible will help the financial services or insurance company verify and locate your beneficiaries, if needed — making it easier and faster for them to pay your benefits. Your loved ones may need access to those funds immediately for your final expenses — particularly life insurance benefits.

Perform an Annual Review

Have any of these life events happened to you in the past 12 months?

- Marriage
- Divorce
- Birth or adoption of a child
- Death of the beneficiary you initially chose

Any one of these life events could mean your beneficiary designation needs updating. If you haven’t reviewed your designation in the last year or so, you should check it now. It’s a good idea to perform an annual review on all your beneficiary designations to make sure they continue to reflect your current wishes.

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

HUB Retirement and Private Wealth employees are Registered Representatives of and offer Securities and Advisory services through various Broker Dealers and Registered Investment Advisers, which may or may not be affiliated with HUB International. Insurance services are offered through HUB International, an affiliate. Consult your HUB representative for additional information about the provision of specific securities, investment advisory, and insurance services.

©2023 HUB International Limited. All rights reserved.

RPW-196-1022 (Exp. 10/24)

hubinternational.com

