

## Beneficiary Planning: What You Need to Know

Designating a beneficiary on retirement accounts is one of the most important—yet one of the most frequently neglected—retirement planning tasks. A beneficiary is any person or entity that an account owner chooses to receive the benefits of a retirement account in the event the account owner dies. Here are some important factors to consider when selecting beneficiaries for your retirement accounts:



- 1 **Don't leave a beneficiary form blank, and don't name your estate as beneficiary.** Failing to name an individual, or individuals, as your beneficiary could deprive your heirs or loved ones of inheriting your retirement assets. Another downside of not naming a beneficiary: your retirement assets would need to go through the lengthy probate process and could be subject to creditors.
- 2 **Make a beneficiary designation for each retirement account that you own.** People often make the mistake of assuming that the beneficiary they name on one account will dictate who the beneficiary is on their other retirement accounts, but that is not the case. You need to have a valid beneficiary on file for each account.
- 3 **Remember that beneficiary designations take precedence over wills.** Retirement assets are distributed according to the named beneficiary, regardless of any other agreements, such as wills.
- 4 **Keep your beneficiary designations current.** Many people fail to update their beneficiary designations after major life events, such as a marriage, divorce, or new addition to the family.
- 5 **Consider consulting a professional.** You may wish to seek the guidance of an experienced attorney, CPA, or financial advisor to help you make the best choices for you and your heirs.



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