# Beneficiary Designation Guide

Educational guide · 2 pages · How to name who receives benefits and when

Designating beneficiaries carefully is one of the most important steps after purchasing a life insurance policy. A clear designation helps benefits reach your family quickly, while incomplete or outdated designations can cause delays, additional legal costs, or funds not reaching the people you intended. This guide explains how to structure designations and when it makes sense to update them.

## PRIMARY BENEFICIARIES

The people who receive the money FIRST. You can designate multiple and specify percentages. If unspecified, default is equal split.

• If married: your spouse at 100% (standard), except in community property states if you want more to others — you need their signature to exclude.

• If you have minor children: NEVER designate them directly. The insurer can't pay minors; the money goes to a guardian or trust named in your will.

• If single: parent, sibling, or named trust for your favorite cause.

• If you want specific splits: e.g. 'Spouse 70%, older child 15%, younger child 15%' — declare the percentages.

## CONTINGENT BENEFICIARIES

If primary beneficiaries are deceased or can't receive, contingents get paid. ALWAYS designate at least one contingent.

• If your spouse is primary (100%), designate your children as contingents (equal parts).

• If your children are minors, designate a TRUST as contingent. The trust is managed by a named trustee.

• Consider also a 'tertiary': for example, partner's parents or siblings.

## COMMON CONSIDERATIONS

✗ **Designating 'to my estate'**
Generally causes the policy to pass through probate. Consider designating people or a trust instead.

✗ **Designating minors directly**
Insurers typically can't pay minors. Consider creating a trust or naming a legal guardian.

✗ **Outdated designations after divorce or family changes**
Designations remain until you update them. Review after any major life event.

✗ **Not naming a contingent**
Without a contingent, funds may pass through probate if the primary predeceases you.

✗ **Generic names without identification**
Phrases like 'my children' without full names can cause disputes, especially with blended families.

✗ **Designating a creditor**
Insurers typically don't process designations to creditors.

## STEPS TO UPDATE

**1.** Request 'Change of Beneficiary' form from carrier (free, online or mail).

**2.** Fill FULL legal names (no nicknames), DOB, SSN, relationship.

**3.** Specify percentages for each beneficiary (must sum to 100%).

**4.** Sign and submit. You'll get confirmation in 5-10 days.

**5.** Verify confirmation matches what you sent. File it.

**6.** Repeat every 12-24 months or after life events.

## EVENTS THAT REQUIRE UPDATING

Marriage · Divorce · Birth of child · Adoption · Death of beneficiary · State move (community property vs not) · Children turn 18 (you can simplify trusts) · Changes in relationship with beneficiary (estrangement, distance).

**NEXT STEP** · Today: request the form from your carrier, fill with correct beneficiaries. If you have minor children, talk to a wills attorney to create a simple trust ($300-$800).