

## 6 Facts About Account Beneficiaries

You can name a beneficiary or multiple **beneficiaries** on many accounts, including:

- Individual Retirement Accounts (IRA)
- Annuities
- Life insurance policies
- Checking accounts
- Money market accounts (MMA)
- Savings accounts
- Certificates
- Health savings accounts (HSA)
- Mutual funds

In doing so, you are designating where you want your balance to go in the **event of your passing**. Use the information below to gain a better understanding of who you can name and how you can ensure your wishes are satisfied.

### Must-have facts about account beneficiaries

#### 1. They trump wills and trusts

Say you set up an account with your spouse as the beneficiary but get a divorce later in life. If you never update your beneficiary and the unexpected happens, your account balance will get transferred to your former spouse – even if your will or trust states otherwise. That’s why it’s crucial to review your beneficiary and confirm the person(s) listed is still the intended recipient.

#### 2. They help your loved ones avoid probate

The term probate describes a court procedure used to administer the estate of a deceased individual. During probate, their assets are distributed, and credits are paid. This process can be both expensive and time-consuming, which is why many people do what they can to help their loved ones avoid it. One way you can help achieve this is by naming beneficiaries on all accounts. If you have an existing account and are unsure if you named beneficiaries when you opened it check with your financial institution.

#### 3. They can be updated whenever

In most cases, you can update your beneficiary information whenever you want, but a good rule of thumb is to review it on an annual basis. In doing so, you can catch information like home addresses that have changed, or entire persons that you want to

add or remove. As well, life events such as the birth of a child or a divorce may also prompt you to check in on your accounts.

#### **4. They may receive funds based on a percentage**

IRA account holders have the option to change the distribution percentages for multiple beneficiaries. For example, you could name both your child and a charity as beneficiaries on an IRA but designate 75% of the funds to your child and 25% to the charity. Non-IRA accounts don't have as much flexibility. For these, funds are distributed evenly among all the beneficiaries.

#### **5. They can be minors**

In Ohio, Indiana, and Kentucky, a "minor" is defined as a person under the age of 18. Once an individual turns 18 years old in these states, they are at the "age of majority." This is important to note because any minor beneficiaries listed on your accounts must reach the age of majority before they can access the funds designated to them. Before that, a guardian appointed by you or the probate court will manage the asset.

#### **6. They aren't automatically applied across accounts**

Say you open an **IRA** at a financial institution where you already have a certificate. Any beneficiaries listed on your certificate won't automatically translate over to your newly opened IRA. As well, updating one account in the future won't trigger an update for others. Review the beneficiaries listed on each of your relevant accounts individually to avoid hiccups.

While assigning beneficiaries to an account is not legally required, doing so is advantageous. At TopMark FCU we want to set you and your loved ones up for success.

We'll help you update your beneficiaries list so you can feel secure knowing your hard-earned money goes to the right person(s). Conveniently set up an in-branch appointment and get the ball rolling.