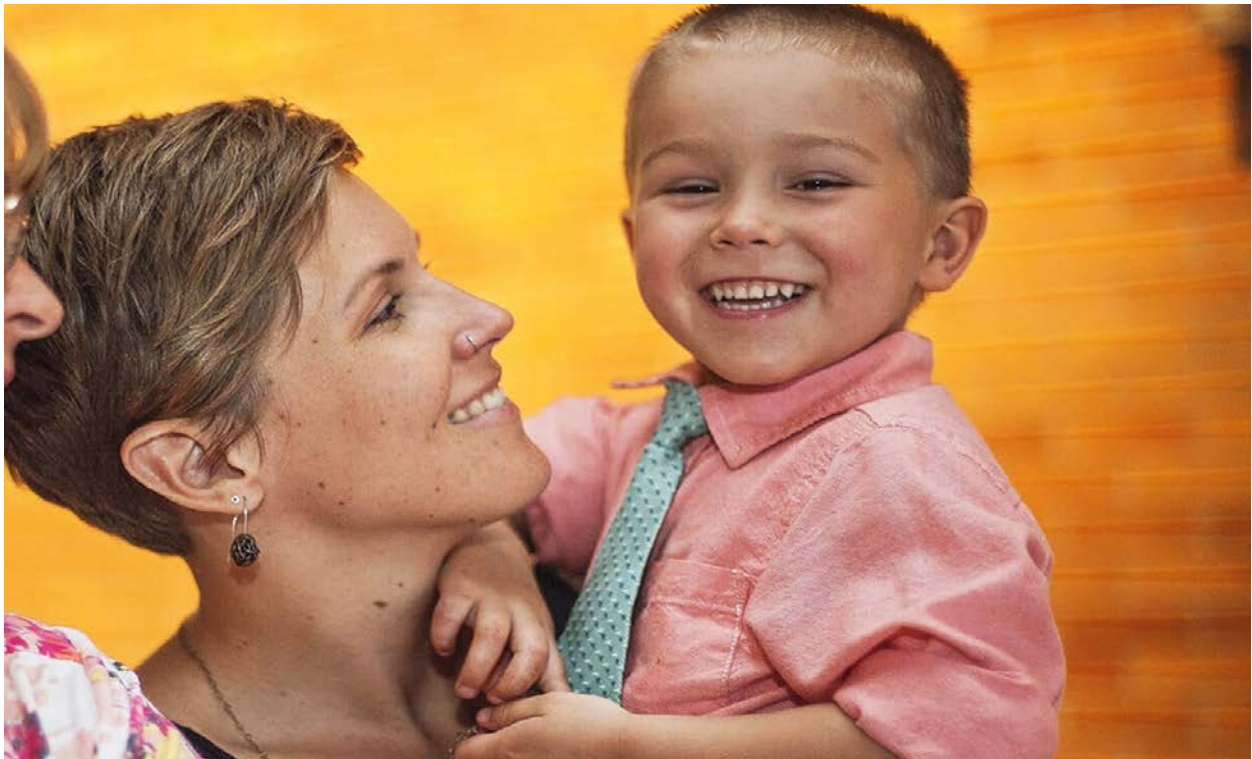


SAVING

# It Takes Just 3 Minutes to Update ‘Perhaps the Most Important Document in All of Your Financial Planning’

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Anna-Louise Jackson



**Welcome to Day 23 of our 30-Day Easy Money Makeover! Every day in April, we’re bringing you strategies to help you improve, and feel more confident about, your money situation. Follow along and [see the rest of the calendar here.](#)**

If you want to make sure your money will go to the right people when you die, there’s an easy way to do so. Take a few minutes to check—and update—who you’ve designated as beneficiaries for assets like your retirement accounts and life insurance policy.

<https://grow.acorns.com/how-and-why-to-update-your-beneficiaries/>

“This is one of those forms that doesn’t seem important, but it’s perhaps the most important document in all of your financial planning,” says Kristian Finfrock, founder of Retirement Income Strategies, based in the Madison, Wisconsin, area.

Here’s why: The beneficiaries listed on certain accounts trump even what’s written in your will, if you have one. So failing to keep that info up-to-date sets you up for missteps like your money going to an ex-spouse following your death.

Although picking a beneficiary is a key step, it’s one that’s easy to overlook when signing up for a new account. (I’m guilty of that.) And it’s even easier to forget to change beneficiaries after major life events like marriage, divorce, a new baby, or a death in the family.

Good news—this is an easy problem to solve. In my case, it took less than three minutes to add beneficiary information to one of my accounts.

### **Choose a beneficiary**

A number of different financial accounts may have the option for you to list a beneficiary, including 401(k)s and other workplace retirement accounts, IRAs, life insurance policies, and annuities. Again, this information overrules any instructions in your will, trust, or divorce agreement.

Even if your situation is simple—you want your spouse to inherit everything, for example—you still ought to name an account beneficiary. If you don’t list one at all, your money will become part of your estate when you die. Among potential complications, your family may encounter delays accessing the money, or it may not go to the people you want.

“Understanding how your assets will transfer after your death will help ensure that your wishes are ultimately fulfilled,” says Jill Fopiano, president and CEO of O’Brien Wealth Partners in Boston.

### **Update after a major life event**

What’s happening in your personal life will dictate how often you update your beneficiaries. It’s important to review your accounts any time there’s a major life event—you get married, divorced, remarried, have a child, or when a beneficiary dies.

But it’s also a good idea to check that you made designations in the first place. You should select beneficiaries when you set up a new account, but this may not be a required step. According to Fidelity, across all its workplace benefit plans, including 401(k)s, about 44% of people have updated their beneficiary information.

Don’t stop with a primary beneficiary, Finfrock recommends. Add what’s known as a contingent beneficiary—that’s someone who serves as your second choice if the primary dies before you.

# Day 23

## Protect your money

### Update account beneficiaries



#### Here's how easy it is

I log into my financial accounts at least weekly, yet for months, I ignored this note at the top of an old workplace retirement account: “Add beneficiaries to your workplace savings plan: An important part of your plan for the future may be missing.”

Gulp. I set up this account more than two years ago—how had I blown this off? In my defense, this step wasn't required to set up the account.

I decided to (finally) get down to business. After navigating to the beneficiaries section on the website, I saw the option to update my entries. From there, I supplied the name, relationship, and date of birth for my designated beneficiaries. (Depending on the account in question, you may need to provide additional details including a beneficiary's Social Security number and contact information.)

Then I decided how to split my account balance among my primary beneficiaries, named contingent beneficiaries, and finally, checked a box to consent to the change.

That's it. After seeing just how easy this was, I logged into my other accounts to make sure my beneficiaries are up-to-date. Good news: They are!