



THE
PARTNERS
GROUP



THE IMPORTANCE OF NAMING A BENEFICIARY

WHAT IS A BENEFICIARY?

Your 401(k) beneficiary is the person, people, or organization who would receive your account if you passed away. You can designate a primary beneficiary (first in line) and a contingent beneficiary (second in line) for your retirement account.

If you are married, your spouse is typically your primary beneficiary, and your contingent beneficiary can be anyone you choose. If you plan on naming your children or another person as your primary beneficiary, your spouse would need to sign off on it. If you are single, you may name whomever you like as your primary and contingent beneficiaries.

You should review your beneficiary designations when you have major life changes like marriage, divorce, children, or a death in the family.

**Forty-eight
percent of people
don't have a
designated
beneficiary.**

**Make sure *your*
savings goes to
the right place.**

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WHAT HAPPENS IF I DON'T DESIGNATE MY BENEFICIARY?

If you don't name a beneficiary (and you're married), your spouse will typically still receive the funds, but it may take more time. If you are single without a named beneficiary, your savings may become a part of your estate, meaning the courts become involved. Keep in mind that this can be a long and expensive process for your grieving family or friends. By actively naming your beneficiaries, you will likely spare your loved ones some time, money, and frustration.

WILLS

A will is a great estate-planning tool. However, it doesn't cover your retirement assets. Naming your beneficiary designations in your retirement plan will help your loved ones avoid more paperwork and stress.

TYPES OF BENEFICIARIES

Make sure you understand the different types of beneficiaries.

- **Primary:** This is a person/entity you designate as first in line to inherit your assets. More than one can be named if you are not married.
 - *Example:* You are unmarried and your primary beneficiary is split 50/50 between two siblings.
- **Contingent:** This is your backup to your primary beneficiary. If your primary beneficiary has passed away prior to your death, the contingent will be next to receive the specified share of your account. More than one person or entity can be named as contingent beneficiaries, as well.
 - *Example:* Your spouse is your primary beneficiary and your two children are contingent beneficiaries split 50/50.
- **Charities:** Charitable organizations can be listed as primary or contingent beneficiaries, although they must have the legal ability to accept your assets. Information on the charity will be needed as well, such as the name of the charity's contact person.
- **Minors:** If you want to designate a minor child as a beneficiary, you will want to nominate a custodian to manage the money in your beneficiary's interest, or create a trust with the minor child as beneficiary to the trust (and name the trust as beneficiary to your retirement account).*

WHEN TO CONSULT WITH AN ESTATE ATTORNEY

*Consider speaking to an estate attorney if you plan to name a minor child, trust, or charitable organization as your 401(k) plan beneficiary.

SO HOW CAN I NAME MY BENEFICIARIES?

Typically, you may designate your beneficiary online. Sign in to your 401(k) account on your provider's website. Locate the beneficiary section and add or update your information. Please note: If you are married and opt not to designate your spouse, additional signatures and/or paperwork may be required.

Have questions? Contact our plan consultants at The Partners Group at retirement@tpgrp.com.

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