



Beneficiary Designations

Who will get your money?

Although not a pleasant topic, it is an important one – Who is the named beneficiary of your retirement account should you pass away?

When you enrolled in your retirement plan, you were asked to select a beneficiary to receive your retirement plan assets in the event of your death. This step may be more important than you think, and it is imperative that you keep this information up to date.

Single

If you are single, your assets go to the designated beneficiary, no matter what your will states. This also includes other agreements and court orders. If you fail to designate a beneficiary, the terms of the plan document govern the disposition of your account. Some plan documents provide that in the absence of a beneficiary designation your estate is the beneficiary, while others use a hierarchy or relatives who are the beneficiaries. Because of the variances in plan documents, it is important that a financial professional review the terms of your plan document when faced with determining who the beneficiary is if no beneficiary is designated.



Married

If you are married, your spouse automatically becomes the beneficiary of your retirement plan. Should you want to name an alternate, you and your spouse may have to sign a waiver in front of a notary.

Separation/Divorce

If you divorce and do not change the beneficiary on file, your ex-spouse will remain the beneficiary of your retirement plan account. This means that if you pass away, he or she will receive your money. This holds true regardless of the existence of children and regardless of the existence of a will which states otherwise. A common occurrence following a divorce is when you designate children as beneficiaries. If you remarry and pass away while married to your second spouse, the second spouse is automatically your beneficiary unless your new spouse consents to your children being designated as beneficiaries.

Death may not be prominent on your mind, but it is inevitable. It is important to be prepared and organized to make sure your wishes are fulfilled.

[If you have questions about your withdrawal options as you near retirement, please Peter Raskin at [617.728.7433] or email at [Peter.Raskin@LFG.com].

¹ If the retirement plan allows.

² Partial, full or late retirement age is based on the year you were born. See ssa.gov for details.

³ If a participant in a qualified plan is still employed and not a greater than 5 percent owner, they are not required to start minimum distributions from that plan until they retire. Distributions before the age of 59½ may be subject to an additional 10% early withdrawal penalty.

Distributions and withdrawals are subject to ordinary income taxes.

Source: Principal Financial Group

Using diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss of principal due to changing market conditions.

Dollar cost averaging does not assure a profit and does not protect against a loss in declining markets. This strategy involves continuous investing; you should consider your financial ability to continue purchases no matter how prices fluctuate.

Prior to rolling over, consider your other options. You may also be able to leave money in your current plan, withdraw cash or roll over the assets to your new employer's plan if one is available and rollovers are permitted. Compare the differences in investment options, services, fees and expenses, withdrawal options, required minimum distributions, other plan features, and tax treatment. Speak with your advisor regarding your situation.

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

To remove yourself from this list, or to add a colleague, please email us at Peter.Raskin@LFG.com or call 617.728.7433.

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