

# BUILDING A LEGACY FOR THEIR BRIGHT FUTURE TODAY FROM TOMORROW'S ASSETS

## Understanding Beneficiaries

It's important to designate beneficiaries for your financial assets so that those assets can be distributed according to your wishes. A beneficiary is a person (or entity, most often a public charity) that is designated to receive the benefits of an asset (fiscal or property) owned by someone else when the person passes away.



A few key things to remember about beneficiaries...

- Beneficiaries can be designated in the documents relating to a life insurance policy, a retirement account, a brokerage account, a bank account, TRS and other financial products or retirement accounts. Beneficiaries can also be named in a person's will.
- Distributions to individuals can have tax consequences, distributions to public charities do not.
- When you don't name beneficiaries, you are often leaving the decision about how to distribute your assets up to the state.
- You can change beneficiaries on financial accounts at any time, though doing so requires completing and returning the relevant paperwork.
- Be sure to make changes whenever you have a significant life change or reach a new milestone.



## BENEFICIARY BASICS

### Primary Beneficiary

The policy owner's first choice to receive benefits. This may be a person(s) or an organization like the SAISD Foundation (a non-profit public charity). Primary beneficiaries can also be named by percentage for most policies and accounts meaning you can have multiple people or a person and an organization.

### Contingent Beneficiary

If the primary beneficiary passes before the insured individual does or doesn't qualify as a beneficiary under the policy, the contingent beneficiary is paid his/her share of the death benefits. Contingent beneficiaries may be a person or an organization like the SAISD Foundation, a non-profit public charity.



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### Naming Beneficiaries Matters

Many financial products — including life insurance benefits — are generally not governed by your will, so the only way to make sure your benefits -your assets - are distributed how you intend is to make sure you have named beneficiaries for all of your policies and accounts.

With less than half of Americans reporting that they have a will, this simple step of naming beneficiaries is an easy way to protect and direct your assets.

Financial services companies and insurance companies ask you to list beneficiaries when you initiate the account or policy - don't skip that step of the process. They also provide a form or an online form on their website for you to designate or change beneficiaries at any time as your life circumstances change.

Just as important as naming beneficiaries when you set up your accounts is reviewing your beneficiaries. Things change, life happens, and you want your hard-earned assets to benefit the people and organizations you care about most.



### BEQUEST BASICS

Bequests are gifts that are made as part of a will or trust. A bequest can be to a person, or it can be a charitable bequest to a nonprofit organization. Anyone can make a bequest—in any amount—to an individual or charity.

### Sample Language

*I give, devise and bequeth to  
the SAISD Foundation  
(74-2861587)*

*a) the sum of \$\_\_\_\_\_*

*b) the following described  
property \_\_\_\_\_*

*c) \_\_\_% of the rest, residue  
and remainder of my estate.*