

# Why You Should Update Your Beneficiaries

Plan for the unthinkable. Here's why.

Paul and Renee were married last year. Paul died unexpectedly six months after the wedding. He had three IRA accounts, but hadn't listed Renee as a beneficiary on any of them. Paul's sister is listed on two accounts, and his ex-girlfriend is listed as the beneficiary on the third account. Is Renee entitled to any of the benefits from these accounts?

The answer, unfortunately, is no. Had these accounts been in an employer's qualified retirement plan, then by law (Employee Retirement Income Security Act of 1974—ERISA), Renee, as spouse, would receive at least half of the retirement plan benefit to which Paul was entitled when he died, unless Renee had consented to the selection of a different beneficiary by Paul. But ERISA doesn't apply to IRAs or insurance policies.

Since Paul had previously designated other beneficiaries for his accounts, and didn't change them when he married Renee, the life insurance companies and IRA custodians must comply with the existing beneficiary designations. And this would apply even if he'd stated in his will that he wanted his new bride to receive his life insurance and his IRAs when he died.

Update your beneficiaries now. This not only applies upon your marriage, but also upon the birth or adoption of a child, divorce, or death. If any of these events occurs, change your beneficiaries immediately to ensure your loved ones are protected.