

The Importance of Updating Your Beneficiaries in Massachusetts

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Have you checked recently who you have designated to inherit your assets? If not, you may find that your designated beneficiary is not who or what you think it should be.

It is recommended that every few years you revisit these types of assets to ensure accuracy.

Risks of not updating beneficiaries are:

- **Possible probate** – If there is no designated beneficiary on an asset or if that beneficiary is deceased, then the asset will go to the decedent's probate estate. A simple beneficiary designation can avoid the timely and costly process of probate administration.
- **Unwanted beneficiary** – In the case of a divorce, an asset that names your former spouse as beneficiary could possibly be distributed to that former spouse unless the divorce decree specifically states otherwise. Often, the beneficiary designation is not updated simply due to oversight. The same applies to re-marriage. There could be an unwanted result if beneficiary designations are not updated timely.
- **Defeating the purpose of a trust** – Trusts are wonderful tools to aid in estate planning when correctly

prepared. Trusts require assets to be funded into the trust for them to be effective, however. Perhaps the trust is intended to reduce estate taxes, protect assets from the cost of long-term care, or provide money management for a beneficiary. If not funded correctly, the purpose of the trust could be defeated.

- **Not aligning with your current wishes** – We all know that circumstances change over time; our children age and we lose loved ones. A beneficiary designation that once made sense may not do so anymore. You worked hard to attain your assets and you want to make sure they are distributed according to your wishes.

Assets that may need beneficiaries to be updated:

Bank Accounts

Individual Retirement Accounts (IRAs)

Life insurance policies

Annuities

Investment accounts

Health savings accounts

Transfer on Death (TOD) investment accounts

Payable on Death (POD) bank accounts

It is important to not only change the beneficiary but confirm with the financial institution that it has been processed and their records updated. Ideally, request something in writing from the financial institution that your request has been completed. And finally, use this reminder to get out your estate plan and check if the beneficiaries and appointed agents still align with your goals and wishes.

Do you have a suggestion for a future article topic for

Attorney Walecka? Reach out to him directly with a question or topic you think would be helpful to readers.

The information contained in this article is not intended to make you an expert on estate planning nor is this article intended to replace the need for the advice of a professional. Rather, this article is simply intended to provide a basic understanding of why estate planning is important for everybody and a basic understanding of some of the more common estate planning tools. This article does not constitute legal advice.