


You control who gets the money in your retirement plan.

But you need to know guidelines when designating beneficiaries.

Have you put off completing the beneficiary designation form for your retirement account? And if you completed it some time ago, have you checked to see if it represents what you want today?

Letting things slide could have unintended consequences. In the event of your passing, the money in your retirement account could be issued according to out-of-date directives. Such oversight could leave a loved one in desperate need. Let's look at some examples.



Example 1
Vague designations

David has two biological sons and one stepson. He loves them equally and views each as "his son." On his beneficiary form David simply writes "my sons."

How could that be a problem?

- **Not specific:** David certainly meant to include all three boys, but his designation is open to legal interpretation
- **Unintended consequence:** Since David never legally adopted his stepson, a court might not recognize him as a son. David's two biological sons, seeing a loophole, seek to have their stepbrother excluded from the distribution of funds. A judge agrees and the stepson receives nothing

What could David have done differently to ensure his wishes were followed?

- **Be concise:** David should have listed all three boys' names and Social Security numbers – that would have left no doubt about his intentions



Example 2
Beneficiary designation knocks out will

Sophie married for the first time when she was 24 years old. She was soon hired into a good situation where she worked for many years — all the while accruing funds in her 403(b) account. She named her husband at the time as the beneficiary, carefully designating his full name and Social Security number.

Sounds good: What could go wrong?

- **Things change:** Sophie's first marriage soon ends in divorce – and a few years later she weds her second husband, Gordon
- **She thinks she's taken care of things:** Sophie and Gordon have wills drawn up and she indicates in the will that Gordon should receive the funds in her 403(b) account
- **Sophie's mistake:** She assumes her will would override the beneficiary designation form because the will was a much newer document
- **Result?** When Sophie dies unexpectedly, her ex-husband could get all the funds in her 403(b) account — because he was still listed on the 403(b) beneficiary form!

What could Sophie have done differently to ensure her wishes were followed?

- **Know your plan provisions:** Plan provisions and properly executed beneficiary designations control distributions to beneficiaries
- **Solution?** Sophie should have updated the beneficiary designation for her 403(b) account
- **Alternate result?** Had Sophie updated her designation to Gordon, the funds would have gone entirely to Gordon – which is what Sophie wanted

Have things handled your way!

Log in to aig.com/RetirementServices today to create, change or update your beneficiary information.

You control who gets the money in your retirement plan

And if there's no beneficiary designation?

Plan provisions control in the absence of proper beneficiary designations. Often this will result in a distribution to the estate of the participant and the will would control. But what if there's no will? That can create a real problem for your heirs as the whole matter goes into probate. Court costs can soar, and someone else is dictating the terms for your estate. Also, your personal business becomes part of the public record — all sense of privacy is lost.

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