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## Why IRA Beneficiaries are more important than you may realize [Richmond Refreshers] Closed Captions

Hi, I'm Steve Kulchinski, Associate Financial Advisor with Richmond Brothers, and I am here today to provide our community with some general education about the importance of keep your IRA beneficiaries updated.

Marriage, divorce, birth and death are all significant experiences that alter our lives.

While consumed by the emotions and obligatory tasks that trigger from these occasions, few people have "update beneficiary forms" at the top of their to-do list.

However, maintaining current, accurate designated beneficiary forms is critical to fulfilling the legacy you worked so hard to build.

In fact, did you know that Retirement account beneficiary designations *trump* will and trust directives?

While State laws do vary, generally speaking, retirement accounts are not governed by provisions in your will or a trust (unless you name the trust the beneficiary).

As an example, let's say you get chronically ill. You're preparing to get everything set for your only daughter and you want to make sure that she inherits your IRA.

You take the time to update your will and add specific language that your daughter is to receive 100% of your IRA.

But what you failed to do was contact the custodian of your IRA to update your beneficiary forms.

And when you pass, your IRA actually goes to your brother, because you had designated him as the 100% primary beneficiary when you first started working.

As I stated earlier, it doesn't matter what your will says because your IRA takes precedence over your will.

Unfortunately that's a sad case, but we've heard of examples like this happening because the person didn't know the rules.

On the same token, there have been many court battles because a person's will might say, "I'd like my IRA to be divided equally among my three children," but only one of those children is actually named as a beneficiary in the IRA records.

They probably got busy after having their first child and forgot to update the beneficiaries after they had their second and third child.

Our hearts go out to them, but usually, in the eyes of the brokerage or bank maintaining the accounts, and often the law as well, the designation of the IRA beneficiary form trumps any other directive.

So, the lesson here is to make sure you review and update your beneficiary forms at least annually to avoid oversight and eliminate confusion. And of course make sure to do so whenever you encounter a significant life experience.

When you do update your beneficiaries, be sure to request a confirmation of receipt of the form from your custodian. Beneficiary designations are considered in effect **only** if they are received by the responsible party before the account owner dies.

As Ed Slott Master Elite IRA Group members our team at Richmond Brothers also has access to great resources. One of which is the "Beneficiary Form Checklist" to help ensure your assets are handled properly after death.

You may download that below.

I hope you've found this to be helpful, but please make sure to consult with your own advisors before taking any action.

Thanks for watching and make sure to share this with a friend who could use this information, too. Here's to being informed, educated and making sure our wishes are kept even after we're gone!

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