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401k Beneficiaries: Where There's A Will, There Isn't Necessarily A Way

Ever notice how little attention many of us pay to our beneficiary designations, despite spending so much time and money finalizing our wills? All too often we make beneficiary selections when we begin a new job or open a new account, then forget about them for years.

Here is the problem with this approach- Relationships change, often in meaningful ways. We may experience marriage or divorce, birth or death, and these changes impact our wills and beneficiary selections significantly.

Many participants mistakenly believe that their retirement plan assets will be distributed according to their will or trust. However, retirement accounts are governed by their own rules, meaning the named beneficiary on the account will typically inherit the funds, regardless of other estate planning documents.



Neglecting to update beneficiary designations can lead to unintended outcomes, such as an ex-spouse or estranged relative receiving the retirement savings. This oversight can cause emotional distress and financial complications for the intended heirs and may result in lengthy and costly legal disputes.

So, what are you waiting for? Take some time today to confirm that your beneficiary selection reflects your current wishes. If not, change it!

SOURCE: <https://www.morningstar.com/personal-finance/dos-donts-beneficiary-designations>

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