



## NAMING A BENEFICIARY

What will happen to your 401k account if you die? When you signed up for your 401k plan, you were asked to choose a beneficiary. Here are some issues to consider when naming a beneficiary for your 401k account.

### **If You are Married (including same-sex and opposite-sex spouses)\***

If you are married, federal law says your spouse is automatically the beneficiary of your 401k. If you want to name a beneficiary who is someone other than your spouse, your spouse must sign a waiver.

### **If You are Single**

If you are single when you die, your account will go to whomever you name as a beneficiary. If you have not named anyone, the account will go to your estate.

Single parents, take note. You may have named your child or children as beneficiaries. And, you may want to keep this arrangement even if you remarry. But remember, once you remarry your spouse will automatically take precedence over your children as beneficiary of your account. The form naming your children as beneficiaries is not valid unless your spouse signs a waiver.

### **Should You Name Your Minor Children as Beneficiaries.**

Most plans will not transfer money directly to a minor. A court will have to appoint a trustee or guardian to receive the money – and that could take some time. Even if your children are no longer minors, you may still have concerns about their ability to manage a large sum of money. You may want to think about choosing a trustee now and naming your children's trust as your beneficiary.

### **Domestic Partners**

To avoid any surprises, if you name your domestic partner as a beneficiary, it might be a good idea to see how local courts have supported (or not) any past appeals by family members against a domestic partner named as a beneficiary.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

\*Beginning immediately, for plan administrative purposes, with respect to Federal mandates such as qualified plan death benefits, employers must treat same-sex spouses the same as they would treat opposite-sex spouses. For example, if a spousal waiver is required in order for an employee to designate an alternate death beneficiary, the waiver should be secured from a same-sex spouse as well as an opposite-sex spouse.

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