

# AHLBECK & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## FINANCIAL & BUSINESS INFORMATION

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### The Importance of a Beneficiary Review

Periodic beneficiary review can help keep retirement and insurance assets out of probate, protect the balance of assets passing to heirs and ensure the *correctness* of beneficiaries. Probate should be avoided at all costs to eliminate loss of favorable tax benefits, costly fees and family anguish over a decedent's assets and intentions. Properly designating valid beneficiaries offers a simple solution!

#### What are the Benefits?

Conducting a beneficiary review *on a regular basis* is key to proper retirement and estate planning. This helps ensure that IRAs, employer retirement plans, annuities, insurance policies and other assets will all go to the correct beneficiaries, providing peace of mind to the account holder. Potential estate planning issues may also arise as a result and can be resolved as part of this review process.

#### Changing Life Events

Major life events such as birth, death or divorce need to be addressed as part of the beneficiary review process. Upon the death of the account holder, it is not uncommon to discover that ex-spouses or deceased individuals are still listed as the named beneficiaries, and at that point it is too late to make changes! Performing a thorough review on a regular basis will keep the named beneficiaries up-to-date and in accordance with the account holder's intentions.

#### Common Mistakes

The most important thing to remember is that the beneficiary form – *not the deceased's will* – determines who inherits the IRA, insurance policy, etc. Make sure that:

- Beneficiary forms on file are not missing or incomplete
- Contingent beneficiary ("second in line") is named as well as a primary beneficiary
- Beneficiary shares (%) add up to 100%
- Inherited IRA accounts are properly titled
- Named beneficiary is correct and has been changed (as needed) for divorce, death, etc.

It is also important to refer to the governing plan document as part of the beneficiary review process for any restrictions or requirements in this regard.

**Note: If you make estimated tax payments, the third 2009 estimate is due September 15!**

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