

NEW BUSINESS UPDATE

O.NB.OT.B/PR.G

Beneficiary Designations

Beneficiary designations are an important and often complex subject, and the beneficiary designations outlined below are not an exhaustive listing.

Here are some suggested wordings for the following situations:

Unnamed Children (per Stirpes): "Children born of the marriage or legally adopted of John Doe and Jane Doe, per stirpes."

Trustee (Inter-Vivos Trust): "Trustee or the Successor Trustee(s) under a written trust agreement with _____, dated _____."

Trustee (Testamentary): "Trustee(s) of the Trust created under the Last Will and Testament of Insured."

Creditor: "Northern Bank, Creditor of the Insured, as its interest may appear and any balance, if any, to _____."

Partnership: "Smith and Smith, a Partnership, 123 Main Street, Chicago, IL."

Corporation: "Smith and Smith, Inc., a Delaware Corporation, 123 Main Street, Chicago, IL."

One Primary Beneficiary: "Jane Doe, Wife."

Two Primary Beneficiaries: "John Doe, Father, and Jane Doe, Mother."

Two Primary Beneficiaries in unequal shares: "John Doe, Father, as to seventy-five percent (75%) and Jane Doe, Mother, as to twenty-five percent (25%) or to the survivor." *Note: Always use percentages, not dollar amounts or fractions.*

One Primary Beneficiary and one Secondary Beneficiary: "Jane Doe, Wife, if living, otherwise Jack Doe, Son."

One Primary Beneficiary and two Secondary Beneficiaries: "Jane Doe, Wife, if living, otherwise Jack Doe, Son, and Janet Doe, Daughter, or to the survivor."

Two Primary Beneficiaries and one Secondary Beneficiary: "John Doe, Father, and Jane Doe, Mother, or the survivor, if either survives; otherwise Jack Doe, Brother."

There are other issues that may require consideration, such as the policy/contract definition of terms, and we have not addressed such situations as: payments to minors, common disaster clauses and method of payment. These frequently may be important considerations for the policy owner.

Finally, beneficiary designations were never intended to replace a properly drawn will or the ongoing management that can be provided by a trust.

As always, we encourage the policy owner to seek and rely upon their own tax and legal counsel.