

---

# Five Common Errors To Avoid When Naming Life Insurance Beneficiaries

Posted on April 16, 2014

Purchasing life insurance is one of the most important decisions a person can make. However, this purchase can be undermined by lack of thoughtful planning regarding beneficiary designations. Below are five common errors to avoid when naming beneficiaries.

## 1. Assuming your Will controls the policy beneficiary designation

A life insurance policy is always distributed according to the beneficiaries named by the policyholder on a “beneficiary designation form” that is filled out upon purchasing the policy. You cannot change the beneficiaries of your life insurance through your Will. To ensure that any beneficiary changes on your life insurance policies are honored, you must update the beneficiary designation forms directly. These forms can be updated or changed at any time.

## 2. Naming your estate as beneficiary

By naming your estate as the beneficiary of your life insurance, you ensure that the proceeds will be placed in your probate estate, which may result in a delayed distribution to the beneficiary or beneficiaries of your estate. This can be avoided by having the proceeds go to a named beneficiary. After the beneficiary submits a claim form, the proceeds will be paid promptly by the insurance company. Therefore, it is best to name the person(s) or organizations whom you wish to receive the proceeds of your policies on the beneficiary designation forms instead of relying on having the policy paid from your estate.

## 3. Failing to update beneficiary designations

A beneficiary chosen when a life insurance policy is first established may be inappropriate at a later date. It is important to review your beneficiary designations every two to three years and after significant events such as births, deaths, marriages and divorces to ensure that the beneficiaries of your policies still make sense.

## 4. Failing to name a contingent beneficiary

It is important to name a contingent beneficiary on your life insurance policies in case your primary beneficiary predeceases you or refuses to accept the money. If this happens without a contingent beneficiary in place, the proceeds of your life insurance policy would be placed in your probate estate and which could result in the possibility of distribution to an unintended beneficiary.

## 5. Not considering individual circumstances

Leaving the proceeds of your life insurance to an adult child with a substance abuse problem, to a minor child who is not able to directly receive the funds, or to a person with special needs may cause more harm than good. Before naming such a person as a beneficiary of your policy, it is wise to first meet with a qualified estate planning attorney who can counsel you on the pros and cons of your decisions.

## Conclusion

Carefully coordinating the beneficiary designations of your life insurance with your overall estate plan is an important step and is something with which a qualified estate planning attorney can assist.

*This Article first appeared in the North East News-Journal on Friday October 4, 2013.*

[Elder Law Attorneys](#); [Estate Planning & Administration Attorneys](#)

---

**Legal Advice Disclaimer:** *The content of this website is provided for general information purposes only. It should not be used as a substitute for consulting an attorney for legal advice regarding the reader's own affairs. Knox McLaughlin Gornall & Sennett, P.C. is not responsible for the content provided on any third-party website which may be accessed via links provided by this site.*

Copyright © Knox McLaughlin Gornall & Sennett, P.C.

*Not to be reproduced without permission.*