



**NSTU
INSURANCE
TRUSTEES**

update

The Importance of Designating a Beneficiary

The **importance** of designating a beneficiary can be overlooked. In the midst of our busy lives, we forget to take care of this very important item when it comes to our insurance coverages.

The NSTU Group Insurance Trustees hope the information below will encourage members to take care of this important detail when it comes time to review or designate your beneficiary for the first time.

You should review and/or designate a beneficiary for any of your life and/or accidental death & dismemberment policies you may have through the NSTU Group Insurance Program. One of the main advantages of designating a beneficiary for these policies is that the proceeds of the policy are excluded from your Estate upon your death. Through this exclusion, the proceeds are free from claim by any creditor of your Estate. The proceeds are excluded because legal title irrevocably transfers upon your death and the proceeds become payable to your beneficiary(ies) at that time. Another good reason to designate a beneficiary is to ensure that life insurance proceeds are distributed as per your wishes. A signed and up-to-date beneficiary designation form will make certain that this occurs.

Remember, you can designate more than one primary beneficiary. For instance, you can designate your children as primary beneficiaries. When you have more than one primary beneficiary it is important to allocate percentages of the proceeds each beneficiary is to receive or inherit. This is an important step to remove all doubt of your intent and wishes at the time of your death.

It is also important to designate a contingent beneficiary. A contingent beneficiary is a person that receives the proceeds from your life insurance policy if the primary beneficiary cannot. Think of a contingent beneficiary as a back-up plan. Contingent beneficiaries come into play should the primary not be alive to collect the proceeds.

Just like primary beneficiaries, you can name multiple contingent beneficiaries. You also need to allocate percentages to contingent beneficiary designations to ensure your intent and wishes are clear.

Please take a moment to think about your primary and contingent beneficiary designations and if they are up-to-date. If your life has changed recently, i.e. married, birth of a child, etc., you may need to revisit your beneficiary designation(s). If you are not sure of your beneficiary nominations, due to privacy, you, the member, may contact Johnson Inc. or check the Johnson Inc. Members Only website.

There will be an upcoming opportunity for you to review your current beneficiary designations. Johnson will be sending out benefit statements in the month of March that will include your current beneficiary designation. Take the time to review this information and update, if needed.

We hope the above explanation provide some assistance to you in understanding the importance of designating beneficiaries for your life and accidental death & dismemberment policies. If you have any questions with regard to the above, please do not hesitate to contact Johnson Inc. at 453-9543 (local) or 1-800-453-9543 (toll-free).

[From The Teacher, March 2015, Volume 53 Number 5, Page 18 © NSTU 2015]

