



## Test your knowledge: The importance of naming beneficiaries

For most people, filling in beneficiary names for retirement assets and life insurance policies is an autopilot task. The primary beneficiary is your spouse; secondary is a child or children. Others simply leave the beneficiary designation blank. And few of us think about updating beneficiaries once they're designated.

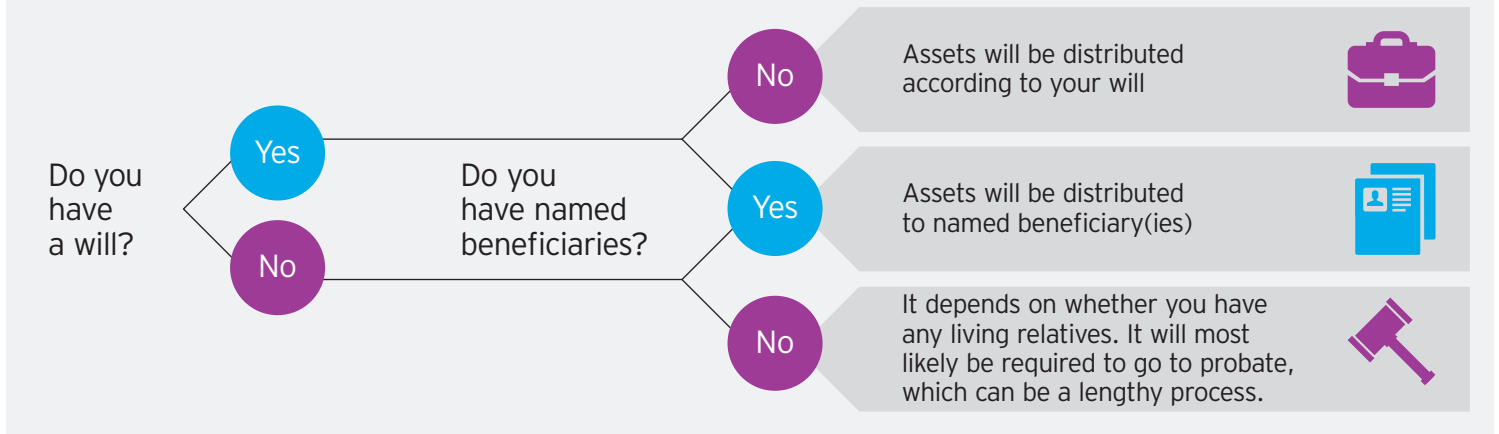
**How much do you really know about the rules regarding beneficiaries?  
Take the quiz below to find out.**

### True or False:

**Since I have a will, it overrides whatever beneficiaries I may have named on my 401(k), IRA or life insurance policy.**

**✗ False.** If you have named beneficiaries, that designation overrides your will. That's why it's vitally important to keep beneficiaries updated for all of your assets.

### Named beneficiaries override your will



Source: Invesco. For illustrative purposes only.

### I can only name two primary or secondary beneficiaries.

**✗ False.** There's no limit to the number of primary or secondary beneficiaries you can name for any plan. If you run out of room on your beneficiary form, ask if you can attach a sheet of paper with additional designations.

### My spouse must sign a waiver if I want to name someone else, like our children, as the primary beneficiaries of my 401(k).

**✓ True.** Most insurance policies and IRAs don't require you to name your spouse as your primary beneficiary. But qualified plans, like 401(k)s, require your spouse to sign a waiver if you choose not to name him or her as your primary beneficiary. If you live in a community property state, your spouse may have rights to the assets in your IRA whether he or she is named as primary beneficiary or not. Check with your estate planning advisor for more information.

**Spouse and nonspouse beneficiaries have the same distribution options available to them.**

**✗ False.** In general, your spouse has more flexibility than a nonspouse. For example, your spouse can roll over your retirement assets to a qualified plan or IRA in his or her name, thereby delaying required minimum distributions until age 70½. Nonspouse beneficiaries aren't permitted to make that same rollover. However, if the assets are from a qualified plan, they may be eligible to directly roll them into an inherited IRA. Nonspouse beneficiaries may be able to take distributions over a number of years if the rollover meets certain conditions, which will help them spread out the tax burden.

**I can name my minor children as beneficiaries.**

**✓ True.** But keep in mind that if they are minors when you die, someone will need to be named to manage the assets until the children reach the age of majority. You could also set up a trust in your minor children's names and then designate the trust as beneficiary. Remember that creating and dealing with trusts can be complicated. Your estate planning advisor can help you make decisions about naming your minor children as beneficiaries.

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### **The best time to review your beneficiaries**

It's a good idea to review your beneficiary designations whenever you experience a major life event:

- marriage
- divorce
- birth or adoption of a child

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