

Securian Financial Group Universal Life Insurance: The Importance of Beneficiary Designations

Ensuring the financial security of loved ones is one of the main reasons people buy life insurance. An important part of owning life insurance is designating and maintaining your beneficiary(ies) – the people or entities that receive the benefits from your policy when you die. Under current tax law, life insurance benefits paid to a beneficiary are generally not considered taxable income. Learn more about beneficiary designations below.

To view your current beneficiary designations or make changes:

Visit the SBO website at de.gov/statewidebenefits. Select your group, and then select “Life Insurance”.

Under “I WANT TO...” select “Enroll or Make Changes” and follow the simple instructions for how to complete your beneficiary designation.

Why do I need to name a beneficiary?

Life insurance benefits are generally not governed by your will. The only way to make sure your policy's benefits are paid to the people you intend is to name a beneficiary. Naming a beneficiary and keeping that designation updated ensures that any benefit is paid according to your wishes. It also helps prevent delays in distributing the benefit payment. Although it is not mandatory that you name a beneficiary, it's usually the reason people have life insurance – to provide a benefit to the people they care about.

What are primary and contingent beneficiaries?

- **A primary beneficiary** is the person (or persons) who receives the death benefit from your life insurance policy when you pass — most commonly your spouse, children, or other family members.
- **A contingent beneficiary**, sometimes referred to as a secondary beneficiary, receives your death benefit if the primary beneficiaries are all deceased, either before or at the same time of your passing.

How many people do I name as beneficiaries?

- You can split the benefit among beneficiaries, but the total shares must equal 100%. Your beneficiary can be a person, a charity, a trust, or your estate.
- Designate at least one primary beneficiary to receive the benefit. Consider naming a contingent beneficiary who would receive the benefit if the primary beneficiary is not alive at the time of the claim.

How do I designate beneficiaries for child and spouse coverage?

You, the employee, are automatically the beneficiary on any child and spouse coverage. No action is needed.

Can I designate a minor child as a beneficiary?

Yes. Keep in mind that minors can't receive life insurance proceeds directly. Children under age 18 can be named as a primary or contingent beneficiary; however, the process of receiving payment is more difficult because insurance companies cannot release the death benefit directly to minor children. If you leave a death benefit of any amount to a minor child, you will need to appoint a financial guardian. Even though life insurance is not subject to probate, a financial guardian must manage the assets received by your minor child until your child reaches the age of majority. If you do not appoint a financial guardian in your will, then a court will appoint one for you after your death.

Whatever arrangement you choose, minor children may not be able to access your life insurance benefits until they reach the legal age of consent — so if you want the payout used for their benefit while they are still children, you may want to name a trustworthy adult and rely on their judgment to allocate money to benefit the minor child, or set up a trust or custodial account. Talk with an attorney for help in setting up the best vehicle for your situation.

For further information regarding the designation of the life insurance benefit for a minor, please contact Securian Financial at 1-877-215-1489.

Can I designate a beneficiary residing outside the United States?

Yes. If your beneficiary lives outside of the U.S., please be extra careful when entering the details (full name, address, email address).

What information do I need to provide when designating a beneficiary?

When you name your beneficiary, be specific. You are required to provide a person's full legal name and their relationship to you (spouse, child, mother, etc.). It is helpful to provide other information to identify your beneficiary such as email, phone number, date of birth and Social Security number. Providing as much information as possible will help Securian verify and locate your beneficiaries, making it easier and faster for them to pay your benefits.

What happens if I do not designate beneficiaries?

Beneficiary changes are often overlooked following divorce, remarriage or after the death of a loved one who may be listed as one of your beneficiaries. If you do not make a beneficiary designation or if there is no named beneficiary alive at the time of your death, benefits will be paid according to the policy contract in the following order of priority:

1. your spouse*, if living; otherwise
2. your surviving natural and legally adopted children equally; otherwise
3. your surviving parents equally; otherwise
4. your estate.

**A former spouse may be eligible to receive benefits dependent on obligations set forth in a divorce and settlement agreement or other legal agreement to which you may be a party.*

If you don't designate a beneficiary, it may be unclear who is entitled to the funds, which can delay the benefit payment. An easy way to remember to keep your beneficiaries up to date is to use your annual enrollment period to revisit the details of your insurance policies.

Beneficiary support through Empathy

Available at no cost for beneficiaries, Empathy provides on-demand tools and human support to help loved ones save valuable time and get back on their feet following the loss of a loved one. This additional layer of care can help ease their burden, so beneficiaries can focus on what matters most.

- Dedicated Care Manager at the ready
- Personalized care plan
- Probate and estate settlement guidance
- Time-saving tools
- Emotional and grief resources

Beneficiaries will be invited to take advantage of this program via the app or website during the claims process. They can visit join.empathy.com/securian or download the Empathy app and use access code: emp-securian.

We encourage you to share this resource with your beneficiaries to better prepare for and process the loss of a loved one.

Questions?

For more information on beneficiary designations, visit Securian.com/beneficiary-info or contact Securian Financial at 1-877-215-1489 (Monday through Friday, between 8:00 a.m. and 7:00 p.m. (ET)) or email lifebenefits@securian.com.