

**Attorney Timothy P. Crawford, CPA, CELA\*, CAP\*\***  
wanted to share this information with you.

## **Beneficiary Form Cautions**

**GREATER MILWAUKEE AREA OFFICES IN BROOKFIELD, GLENDALE, MILWAUKEE, OAK CREEK & RACINE**

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Beware of whom you designate as a beneficiary for your bank, brokerage, or retirement account. Even if you have a will, these designations will override your will. There are advantages to this separate designation process. Just be sure you know what you are doing. When you open one of these financial accounts, you have the option of designating a beneficiary who may or may not be included in your will. The advantage is that, upon your death, the assets pass directly to these beneficiaries bypassing the probate process. This is a nice feature, but just make sure those prior designations continue to reflect your current wishes. If you intended, at the time of making a will, to have your entire estate pass equally to your children, a prior designation of someone else on a retirement account, will still be in effect unless it was changed. The funds in the retirement account in that situation would not go to your children. Martin Shankman, an estate-planning attorney in Paramus, NJ, has seen such situations occur so many times that he calls the beneficiary designation on financial instruments "bank-teller estate destruction."

To avoid these horror stories, financial planners and attorneys recommend that you review all of your beneficiary designations at regular intervals, especially when there is a life-changing event such as a birth, marriage, divorce or death. Retirement accounts are particularly complex. If the beneficiary is a spouse who dies before you, the funds in that account on the holder's death will flow to the estate triggering a large tax bill. For retirement accounts, contingent beneficiaries are recommended. They will become the beneficiaries if the primary beneficiary is no longer living. In this way, taxes can be reduced. Changing jobs also qualifies as a significant life event. If you have a 401(k) retirement account with one employer, the beneficiary designations do not automatically roll over to the new employer's plan or to an IRA.

Whom, then should you name as a beneficiary? Just about anyone you choose, but not minors, people with disabilities, people who lack the ability to manage money, have credit problems, or people with marital problems. These categories are much better dealt with through trusts, which protect the individuals from their own mismanagement, loss of property to creditors or in-laws, undesirable tax consequences, and potential loss of public benefits. Sometimes, it is wise to name a class of people, like "all my grandchildren who survive me", rather than naming specific individuals. Then, as more grandchildren are born, the designations do not continually have to be updated. However, step-grandchildren are an exception to this rule. They need to be designated by name. As one can see, these issues are very complicated. It is wise to seek advice from an expert who is very informed about all these issues.

A majority of text has come from an article prepared by Carolyn T. Geer, "Beware the Beneficiary Form," Wall Street Journal, July 5, 2011

**“Those Who Plan Ahead Win.  
Those Who Don’t Plan Ahead Lose.”**

This article is for informational purpose only and is not intended as legal advice. It is recommended that you call Timothy P. Crawford for a free conference to discuss your situation in more detail. Attorney Crawford can be reached at 1-262-634-6659. Please refer to this article when you call.

\*Attorney Timothy P. Crawford is a Nationally Board Certified Elder Law Attorney (**CELA**). He has been Board Certified by the National Elder Law Foundation which has been approved as the Sole Certifying Organization for Elder Law Attorneys by the American Bar Association.

\*\*Timothy P. Crawford was invited to join the Council of Advanced Practitioners (**CAP**) of the National Academy of Elder Law Attorneys (**NAELA**) in August of 2005. **CAP** is a small group of premier elder law attorneys, all of whom have been members of NAELA for at least 10 years, are certified as elder law attorneys by the National Elder Law Foundation, and are AV rated by Martindale Hubbell, a service that provides an independent rating of the quality of attorneys, as one of the top attorneys in the nation.

Attorney Timothy P. Crawford has been selected as a **Fellow** of NAELA. **Fellow** is the highest honor bestowed by the Academy. Selection as a **Fellow** signifies that his peers recognize the lawyer as a model for others and as an exceptional lawyer and leader.

Attorney Timothy P. Crawford has a superb rating of 10 out of 10 with A V V O.

A V V O has awarded to Attorney Timothy P. Crawford the A V V O Client’s Choice Award.

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to Protect Their Assets from Nursing Home Care Costs"**

“A majority of text has come from an article prepared by Maureen E. Hook, Ph.D. and published in Attorney Andrew Hook’s newsletter. Andrew Hook is a friend of Attorney Timothy P. Crawford and this information is being used here with permission.”