



E-Financial Update

Your Retirement Plan Beneficiary

The 3 Cs: Who gets it when you're gone?

Consequences: Since your beneficiary designation overrides your will, you must be clear as to the person or nonperson you name on this account to avoid an undesirable outcome:

- **No Beneficiary** – Your account balance will be paid to your estate. If you have a will, your heirs will receive the funds as described in the will. If you don't have a will, your account will be distributed according to Colorado's "intestate succession" laws, which "may" or "may not" be consistent with what is best for your heirs.
- **Wrong Beneficiary** – In the event of the death or divorce of a beneficiary, it is critical to update your beneficiary designation to avoid your account going to an unintended person, e.g. an ex-spouse.
- **Minor Beneficiary** – Since minor children don't have the legal capacity to manage a retirement account, a court appointed guardian or conservator may be required, a potentially costly and undesirable relationship.
- **Tax Consequences** – The tax costs and distribution options will be more or less flexible depending on who the beneficiaries are, with a surviving spouse having the most favorable tax and distribution options of any other type of beneficiary.

Since CCOERA is not a legal or tax advisor, you may want to consult a professional in these areas to help you sort out the estate, tax and distribution issues facing your beneficiaries before you make any final decisions.

Considerations: Who do you "primarily" want your account to go to when you are gone, and if something happens to you and them at the same time, what is your "contingent" (backup) plan?

Your "**Primary Beneficiary**" will be first in line to receive your retirement funds in the event of your death. You may designate multiple primary beneficiaries with equal or various percentage allocations. For obvious reasons, many states make it mandatory to name your spouse as your primary beneficiary.

Your "**Contingent Beneficiary**" will only be entitled to receive the funds "if" you and your primary beneficiary predecease them. You may designate multiple contingent beneficiaries with equal or various percentage allocations.

Your beneficiaries may be a **spouse**, a **non-spouse (children, family or friends)** or a **non-person (your estate, a trust, a business or a charity)**. However, keep in mind the tax and distribution options will be more flexible for your spouse than for a non-spouse or a non-person beneficiary.

Changes: When do you need to review or update your beneficiary designations? The best time to review and consider changing your beneficiary is after "major life events" such as **marriage, divorce, family expansion, death of a beneficiary or serious illness**.

How do you change your beneficiary? It is fairly straight forward. If you have established your **CCOERA account online**, just logon to this account, go to *My Profile*, click *Beneficiary*, then *Update Beneficiary*. You will need to complete all information required for the change to be accepted. If you have "both" the CCOERA 401(a) Retirement Plan and the 457 Deferred Compensation Plan, you will need to review and update "each account" separately.

As an alternative, you may simply go to www.ccoera.org/content/ccoera-forms, use the *Click Here* link to go to our forms archive and obtain the **Beneficiary Designation form** for the CCOERA plan you want to change (the 401(a) Retirement Plan or the 457 Deferred Compensation Plan). If you have "both" plans, you need to review and update "each account" separately. Once the form has been completed, you may fax or mail it to the number or address listed on the form.

This simplified beneficiary designation overview is not intended to be a complete discussion of this area. However, if you have any basic question about updating your beneficiaries, please contact a CCOERA Client Services representative at (303) 713-9400, press 0 or (800) 352-0313, press 0, then 1.