Naming a Life Insurance Beneficiary

Below are commonly asked questions about beneficiary designations under the Group Life Insurance Policy currently administered by Nationwide. The terms of the Policy supersede any discrepancy between this document and the Policy. Please refer to your Group Life Insurance Certificate for the Policy terms. This document is for informational purposes and does not serve as legal advice. Please consult your tax or legal advisor when making decisions on naming your life insurance beneficiary.

Why should I designate a beneficiary?
Naming a beneficiary is important so the proceeds of your group term life insurance can be paid to the person(s) you want to receive these proceeds. If you fail to designate a beneficiary or if the designated beneficiary predeceases you, your group life insurance proceeds will be paid to one or more of your surviving family members, or to your estate, according to the beneficiary provision in the group policy.

Whom can I name as a beneficiary?
You may name anyone as your beneficiary. Your beneficiary can be the person or persons for whom you wish to provide financial protection in the event of your death. Usually, beneficiaries are relatives or very close friends. However, depending on your circumstances, you may prefer to name your estate or a trust as your beneficiary. Consult your tax advisor for implications regarding these important decisions.

What is the difference between a primary and contingent beneficiary?
A primary beneficiary is the person (or persons) who will receive the proceeds of your life insurance. A contingent beneficiary is the person (or persons) who will receive the proceeds of your life insurance if all of the primary beneficiaries are not living at the time of your death. You may name multiple primary and contingent beneficiaries; however, you should specify the percentage of the benefit that you would like to designate to each beneficiary.

Should I name a contingent beneficiary?
It is a wise decision to name a contingent beneficiary or beneficiaries in the event you outlive your primary beneficiary. If your primary beneficiaries are not living at the time you become deceased and no contingent beneficiary is named, your life insurance proceeds will be paid to one or more of your surviving family members, or your estate, based on the terms of the group life insurance policy.

If I already have a will, do I have to designate a beneficiary?
A will generally has no effect on who receives a life insurance benefit. Your life insurance beneficiaries do not necessarily need to be the same beneficiaries that would benefit under your will. If you do not designate a beneficiary for your life insurance, it does not automatically mean that the proceeds will be paid to your estate. In this situation, your life insurance will be paid to one or more of your surviving family members, or your estate, based on the terms of the group life insurance policy. There may be some disadvantages to having life insurance proceeds payable to your estate. Consult your legal and tax advisors for implications regarding this important decision.

Can I name my estate as beneficiary?
You may name your estate as the beneficiary, however, there are some advantages to naming a beneficiary other than your estate. Under the laws of most states, if your life insurance proceeds are payable to your estate, the beneficiaries of your estate won’t receive the proceeds until a legal process called “probate” is completed. Named beneficiaries get the proceeds of a life insurance benefit directly. There may also be some disadvantages to having life insurance proceeds payable to your estate. Consult your legal and tax advisors to determine if naming your estate as your life insurance beneficiary is the most appropriate option for you.

Can I name my spouse as beneficiary?
Yes, naming a spouse is a common practice. However, if your spouse is or becomes unable to handle financial matters, or you and your spouse divorce, then you will need to review your beneficiary designation to make sure that it is still appropriate.
Can I name my minor children as beneficiaries?
While you may name your minor children as your designated beneficiary, we will be unable to pay the life insurance proceeds to your children until the earlier of:

- The date your child reaches the age of majority (usually age 18 or 21, depending on applicable state law), or
- The date that a legal guardian of the minors' estate has been appointed by a court. This appointment process can be costly, and state laws may limit who may be named a guardian of an estate. Generally, a guardian of the minors' estate will hold the money for their benefit until they reach the age of majority, usually age 18 or 21, depending on state law.

One alternative to naming your minor children as your beneficiaries is to establish a Trust that can receive and manage the proceeds on behalf of your children. In this situation, you would designate the Trust as the beneficiary of your proceeds. If you want your minor children to receive your life insurance proceeds, consult your legal advisor to determine the best way to accomplish this under the laws of your State.

Can I name a Trust as beneficiary?
You may name a trust as your beneficiary. However, if you name a trust as beneficiary, a valid, legal trust must exist at the time of your death. If the trust was never established, is not in existence, or has been revoked by the time you die, then we cannot honor that beneficiary designation and will be required to pay the proceeds in accordance with the terms of the group policy as if no beneficiary was named. Consult your legal advisor as to how to establish a valid trust and determine if naming a trust as beneficiary is the right choice for your financial and estate planning needs.

Can I name a charity as beneficiary?
You may name a charity as either a primary or contingent beneficiary.

How often can I change my beneficiary?
You can change your beneficiary as often as you wish. Beneficiary forms are maintained by your human resources or benefits administrator.