



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll stuffer.

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When Things Change Review Your Life Insurance Beneficiaries and your Will

Your Beneficiary Designation

The beneficiary that you designated is shown on your wallet I.D. card. It's there to remind you of how you elected to have your life insurance benefits paid. Things have a way of changing, and often one of the last things most people think of reviewing is their beneficiary designation. If things have changed in your life, take a moment to review your designation and make sure it reflects your current wishes—if not, you should complete a change of beneficiary form and forward it to us to update your records.

Trustees

If you have appointed a minor (In BC, someone under age 19, but in Alberta, Saskatchewan, Manitoba and Ontario, under age 18) as your beneficiary, you should also appoint a trustee. This trustee will be responsible for the funds until the child reaches the age of majority. A trustee prevents any future disputes over who should control the funds left to a minor; without this designation a public trustee (that is, the court) will decide how the money is to be held. Keep your trustee current, and advise him or her of any changes you have made to either your life insurance or will.

Multiple Beneficiaries

If you have selected more than one beneficiary, you should review the percentage each is entitled to receive. It is not a good idea to designate specific amounts (unless absolutely necessary) as your life insurance coverage amount may change. Do these percentages need to be changed? Have there been any additions you have overlooked?

Leaving Money to Charity

Your beneficiary does not have to be a living person. It could be your favourite charity, your church, an educational organization, or a company, just to name a few. If you previously elected this type of beneficiary, have your feelings about the organization changed? Do you want to include others?

Estates as Beneficiaries

It is not considered a good idea to leave life insurance proceeds to your estate because the proceeds are attackable by all creditors to the estate (such as CRA, mortgage companies etc.). Proceeds that are paid directly to a named beneficiary are passed outside of the estate, and free from any liabilities of the estate. If your current beneficiary is your estate, can you think of a person or organization that could be designated instead?

Wills

As part of reviewing your life insurance beneficiaries, it is also a good idea to make sure your will is current. If you don't have a will, the law makes one for you—and it may not be the way you would have chosen to distribute things. In Canada, the laws of intestacy (the absence of a will) are provincial and differ from one province to the next. For example, in BC if you die without a will and are survived by a spouse and two children, your spouse receives a lump sum of \$65,000, and 1/3 of the estate. The children receive the other 2/3rd's.

So, when things change review your life insurance beneficiaries and your will.