



Updating Your Pension and Annuity Beneficiary Designation: What You Need to Know

Completing a proper beneficiary designation is an important element in your financial and retirement planning efforts. If you have not reviewed your existing beneficiary designation with the IUPAT Industry Pension Fund Office recently, now would be a good time for you to determine whether you should file an update with the Fund Office.

WHY DOES A BENEFICIARY DESIGNATION FOR THE PENSION PLAN OR ANNUITY PLAN MATTER?

Designating a beneficiary before you retire is important to protect your rights and desires, especially if you are unmarried and pass away before you retire. Many people believe that if someone has a will, it will also cover the distribution of Pension and Annuity Plan benefits. That is not true. Similarly, the Beneficiary Designation Form for Pension and Annuity Plan benefits is different from beneficiary forms with the IUPAT or its local unions and district councils. If you die before retirement, are not married for more than a year, and have no beneficiary designation on file with the Fund Office, any death benefits will be distributed to your next of kin in the following order - a surviving spouse, dependent children, dependent parents, any other dependents, any other children or parents, and if no one on that list survives you, your

heirs are entitled to the benefits as if you died in Maryland without a will. This may not be what you want.

A beneficiary designation is most important if you are not currently married. The IUPAT Industry Pension Fund has a pre-retirement death benefit once you have 9,000 benefit hours and are vested or active and working for a FIP Compliant Employer. Therefore, to ensure the individual you would wish to have this benefit receives it, a beneficiary designation is needed.

If you are married for more than a year, your legal surviving spouse is entitled to a Pre-Retirement Surviving Spouse benefit that is payable regardless of your Beneficiary Designation Form, unless he or she waives that right. Those spouse benefits eliminate other death benefits for a designated beneficiary.

Many people share a common misconception that if someone has a will, all of that person's assets will be taken care of according to the wishes

specified in the will. This is incorrect. Like other pension plans, the IUPAT Pension Fund provides for a separate beneficiary designation and does not accept a will with respect to beneficiary designations. For example, you might have a will that gives all of your assets to your sister, who took care of you as you got older, but have a Beneficiary Designation Form on file with the Fund Office naming your parents as your Pension Plan beneficiary and your child as your Annuity Plan beneficiary. In that situation, your sister will not receive a survivor benefit from either plan. This could happen even if you have no Beneficiary Designation Form on file, as your children and parents have priority over the heirs in a will in the Pension Fund default list. You may avoid these issues with a proper updated Beneficiary Designation Form for the Pension Plan and Annuity Plan.

You may have completed a beneficiary form with your IUPAT local



union or district council for union death benefits. It likewise is not a valid beneficiary designation for the IUPAT Industry Pension Plan or Annuity Plan. Due to federal law, the Pension Plan and Annuity Plan are and must be separate from your local union. Your IUPAT local union, district council or business agent may help you with the forms, but a Beneficiary Designation Form for the Pension Plan or Annuity Plan must be completed and sent to the Fund Office in Hanover, Maryland to be effective.

Because the law may not always follow your wishes for your intended beneficiary, it is up to you to ensure your beneficiary is properly designated. For example, you may have a significant other that you have lived with for years and want him or her to receive the survivor benefit available if you were to pass away to lessen the financial burden of your death. Nevertheless, you may have previously designated a sibling that you have lost contact with over the years and now would

not want them to receive any of your retirement assets. However, by failing to update your beneficiary designation, if you were to pass away in this circumstance, your sibling would receive the pre-retirement survivor benefit and your significant other would have no recourse to receive these funds.

Life happens and updating a beneficiary form is not always on your mind as you deal with a divorce, a marriage, or the loss of a loved one. Establishing a yearly reminder to review your listed beneficiary with the Fund Office provides peace of

mind that no matter what happens to you now or in the future, your benefit will be paid as you intend. There have been numerous cases in which individuals neglected to update beneficiary designations after divorce, remarriage, the birth of children, or other circumstances (A divorce does revoke a prior designation of a spouse as a beneficiary, but you may then fall into the default category with

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no beneficiary designation on file). In these situations, frustrated survivors resort to battling in court for a legal determination over who should be considered the beneficiary. Please do not let this happen to your survivors.

HOW DO I FILE A BENEFICIARY DESIGNATION FORM FOR THE PENSION PLAN OR ANNUITY PLAN?

Take a moment now to visit our website, www.iupatpension.org to download the Beneficiary Designation Form for the Pension Plan

and Annuity Plan or call the Fund Office at (800) 554-2479 to verify your designated beneficiary for pre-retirement Pension Plan and Annuity Plan benefits. If you need to make a change, complete a Beneficiary Designation Form and mail it to the Fund Office, 7234 Parkway Drive, Hanover, MD 21076.

When you retire, you will need to make a beneficiary election if you choose the Plan's normal payment form for a single participant, which guarantees 60 payments, or the 10-year (120 payments) option, or a joint and survivor benefit with someone other than a current spouse. That designation can be different than what you previously indicated on your Beneficiary Designation Form filed with the Fund Office.

This article focuses on the IUPAT Industry Pension Plan and IUPAT Industry Annuity Plan. However, the general rules on the need to file a separate Beneficiary Designation Form with the benefit plan office apply to many other pension plans – whether they are affiliated with the IUPAT

or not. If you participate in another plan, please call that plan for more details.

