

# Retirement Savings & Pensions

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For most Americans, retirement savings are among the biggest assets in their estate.

Your 401(k) or IRA balance might be worth \$200,000, \$500,000, or even \$1 million or more. And when you die, those funds don't automatically go through your estate. If you've named a beneficiary, they go directly to that person - outside your Will, outside probate, and outside your executor's control.

If you haven't named a beneficiary, the funds fall into your estate, go through probate, and get distributed according to your Will. That means delays, extra fees, and potentially a result you didn't intend.

This section is about making sure your retirement savings go to the right people, and making sure your executor knows where everything is.

How do retirement savings accounts work when you die?

The United States has several types of retirement accounts, and each one is treated differently when you die:

## 401(k) Plans and Traditional IRAs

Retirement accounts like a 401(k) or IRA are taxed differently from most of your other assets, and the rules depend on who inherits them and what type of account it is. The tax can be significant for some beneficiaries, so this is an area where your executor and your accountant should work together. Note where the accounts are and who the beneficiaries are, and leave the tax calculations to a professional.

## Required Minimum Distributions (RMDs)

An inherited IRA is taxed based on who receives it and how they take it out over time, rather than being a single line on your final return. A surviving spouse usually has more options than other beneficiaries. The details get technical, so leave the calculation to your accountant and just record where the account is and who the beneficiary is.

## Roth IRAs

Roth IRAs have their own inheritance and tax rules, and a surviving spouse generally has more flexibility than other beneficiaries. The specifics (including timing rules) can affect the tax, so confirm how yours would be treated with your accountant or plan provider. Here, just record where the account is and who you've named. If you name no one, the Roth IRA falls into your estate.

## Employer Pensions (Defined Benefit & Defined Contribution)

If you have a workplace pension, the rules depend on the plan and your state. Most defined benefit plans provide a survivor pension to your spouse. Defined contribution plans typically pay out the balance to your named beneficiary. Check with your employer or plan administrator for the specific rules.

## Social Security

Social Security provides three possible benefits on death:

- Social Security pays a small one-time death benefit to certain eligible survivors, such as a surviving spouse or dependent child. The amount and who qualifies are set by the Social Security Administration and can change, so your executor or spouse should confirm the current rules with the SSA at 1-800-772-1213. - Social Security Survivor's Pension: An ongoing monthly payment to your surviving spouse or domestic partner, based on your contributions. - Social Security may pay a monthly benefit for dependent children, with age limits set by the Social Security Administration. The exact cutoffs and conditions can change, so your spouse or executor should confirm eligibility directly with the SSA rather than relying on a fixed age here.

Your executor will need to apply for all of these through the Social Security Administration.

## Social Security retirement benefits

Social Security retirement payments stop at death, and your executor should notify the Social Security Administration promptly. Payments received after death usually have to be returned, and the SSA can explain exactly how that's handled for your situation. Social Security is not an asset - it's income while you're alive. But include it here so your executor knows to cancel it.

## Beneficiary designations - why they matter

For 401(k)s, IRAs, Roth IRAs, and most employer pensions, you can name a beneficiary directly with the financial institution. This is separate from your Will.

When you name a beneficiary, the funds bypass your estate entirely. They go straight to that person, without probate, without delay, and (in the case of a spousal rollover) potentially without tax.

If you don't name a beneficiary, the funds fall into your estate. That means they're subject to probate fees, they're accessible to creditors, and they're distributed according to your Will - which may or may not match what you actually wanted.

In the United States, you can name anyone as your beneficiary - your spouse, your children, a friend, a charity, anyone. There are no restrictions on who you can name. (But keep in mind that naming

someone other than your spouse may trigger a large tax bill on your final return.)

Once you file a beneficiary designation it generally stays in place until you change it, but events like divorce can affect it in some states, and plans have their own rules. That's why it's worth reviewing your designations periodically and confirming they still say what you intend, directly with each provider. It's worth reviewing your designations after major life events like marriage, divorce or the birth of a child. Whether a divorce automatically changes a beneficiary designation depends on your state and the type of account, so don't assume either way, update the designation directly and confirm with your attorney.

For many accounts, the beneficiary you've named with the financial institution controls who receives the money, which can be different from what your Will says. Because the rules vary by account type and state, the safest step is to make sure your beneficiary designations and your Will say the same thing, and to confirm that with your attorney.

## WHY THIS MATTERS

Retirement savings are often the largest asset in an American estate. They're also the asset most likely to cause problems - because people forget to name a beneficiary, forget to update their designation after a divorce, or don't realize the tax consequences of leaving a 401(k) or IRA to a non-spouse.

If your executor knows where your accounts are, who the beneficiaries are, and where the paperwork is stored, the process will be straightforward.

If they don't, your family could face unnecessary taxes, probate fees, and months of delays.

Get this right. It's worth it.

# Your Retirement Savings & Pensions

*Your retirement savings are often your biggest asset, and it does not pass through your Will. Make sure it goes where you intend.*

## RETIREMENT SAVINGS FUND 1

INSTITUTION / PROVIDER

ACCOUNT NUMBER

APPROXIMATE BALANCE

CONTACT PHONE

ACCOUNT TYPE

*Tick one: Still contributing / Taking distributions (RMDs)*

## BENEFICIARY DESIGNATION

HAVE YOU MADE A BENEFICIARY DESIGNATION?

*Tick one: Yes, beneficiary designation (details below) / Yes, beneficiary designation (details below) /  
No nomination made (the plan administrator decides) / Unsure*

BENEFICIARIES: (WHO GETS YOUR RETIREMENT SAVINGS DEATH BENEFIT, AND IN WHAT PERCENTAGES)

# Your Retirement Savings & Pensions (cont.)

TOTAL MUST EQUAL 100%

Yes

WHERE IS THE BENEFICIARY DESIGNATION STORED?

## RETIREMENT SAVINGS FUND 2

INSTITUTION / PROVIDER

ACCOUNT NUMBER

APPROXIMATE BALANCE

CONTACT PHONE

ACCOUNT TYPE

*Tick one: Still contributing / Taking distributions (RMDs)*

## RETIREMENT SAVINGS FUND 2 - BENEFICIARY DESIGNATION

HAVE YOU MADE A BENEFICIARY DESIGNATION?

*Tick one: Yes, beneficiary designation (details below) / Yes, beneficiary designation (details below) /  
No nomination made (the plan administrator decides) / Unsure*

# Your Retirement Savings & Pensions (cont.)

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## BENEFICIARIES

# Your Retirement Savings & Pensions (cont.)

TOTAL MUST EQUAL 100%

Yes

WHERE IS THE BENEFICIARY DESIGNATION STORED?

## INSURANCE THROUGH RETIREMENT SAVINGS

DOES THIS RETIREMENT PLAN INCLUDE INSURANCE? (COVERED IN INSURANCE SECTION, BUT CONFIRM HERE)

Tick one: Life Insurance / Yes (\$\_\_\_\_) / No / Unsure; LTD Insurance / Yes (\$\_\_\_\_) / No / Unsure;  
Disability insurance / Yes (\$\_\_\_\_) / No / Unsure

## RETIREMENT SAVINGS FUND 3 (IF YOU HAVE MORE THAN 2)

INSTITUTION / PROVIDER

ACCOUNT NUMBER

APPROXIMATE BALANCE

CONTACT PHONE

BENEFICIARY DESIGNATION

Tick one: Yes / No / Not sure

BENEFICIARIES

## Your Retirement Savings & Pensions (cont.)

1. \_\_\_\_ % 2. \_\_\_\_ %

DATE NOMINATION MADE

### RETIREMENT INCOME STREAM (IF YOU'RE ALREADY RETIRED)

ARE YOU CURRENTLY RECEIVING A PENSION FROM YOUR RETIREMENT SAVINGS?

*Tick one: Yes (details below) / No*

FUND NAME

*If yes:*

PENSION ACCOUNT BALANCE

ANNUAL PENSION AMOUNT

HOW OFTEN PAID

*Tick one: Monthly / Quarterly / Annually*

BENEFICIARY: (WHO CONTINUES TO RECEIVE THE PENSION AFTER YOU DIE)

*rows: Name / Relationship*



# Your Retirement Savings & Pensions (cont.)

IF NO BENEFICIARY, REMAINING BALANCE GOES TO

*Tick one: Estate / Nominated beneficiaries (as per beneficiary designation)*

## GOVERNMENT PENSIONS (SOCIAL SECURITY ADMINISTRATION)

DO YOU RECEIVE SOCIAL SECURITY RETIREMENT BENEFITS OR ANY OTHER SOCIAL SECURITY ADMINISTRATION PAYMENT?

*Tick one: Yes (details below) / No*

TYPE OF PAYMENT

*Tick one: Social Security retirement benefits / Social Security Disability Insurance (SSDI) / Supplemental Security Income (SSI) / Other*

SOCIAL SECURITY CLAIM NUMBER

MONTHLY AMOUNT

\$. ☐ Your executor must notify the Social Security Administration of your death. Payments will stop, and any payments received after death must be repaid.

## DEFINED BENEFIT PENSIONS (IF APPLICABLE)

DO YOU HAVE A DEFINED BENEFIT PENSION? (COMMON FOR PUBLIC SERVANTS, TEACHERS, POLICE)

*Tick one: Yes (details below) / No*

# Your Retirement Savings & Pensions (cont.)

PLAN NAME

*(e.g., Federal Employees Retirement System (FERS), CalPERS, state teacher pension, 403(b))*

ACCOUNT NUMBER

PENSION AMOUNT

BENEFICIARY: (WHO CONTINUES TO RECEIVE PENSION)

*rows: Name / Contact for Plan*

NOTES (ANYTHING ELSE ABOUT YOUR RETIREMENT SAVINGS OR PENSIONS)