

## BENEFICIARY BASICS

# 6 steps to maximize your term life insurance and get your benefit into the right hands

## 1. Choose wisely

You can name anyone a beneficiary of your life insurance, however, in nine states (AZ, CA, ID, LA, NV, NM, TX, WA, WI), your spouse must sign off on anyone else you choose. If you choose to have multiple primary beneficiaries and one dies before you, the benefit will go to your remaining primary beneficiaries. If there are no surviving beneficiaries then the benefit would go to your back-up, or contingent, beneficiaries.

Keep in mind, you can't name a funeral home or your employer as beneficiaries. If you have term life insurance for your spouse or dependent, you will always be the beneficiary.

## 2. Be thorough

When you choose your beneficiaries, be sure to list names, Social Security numbers, birth dates and addresses so we can easily find your beneficiary (ies) when we need to. The beneficiary designation form must be dated and witnessed by someone other than your beneficiary (ies).

OneAmerica® paid out almost \$64 million in life and AD&D claims in 2016.

### The financial impact



More than a third of U.S. households would feel the financial impact from the loss of their primary wage earner in a month or less.

Source: 2016 Insurance Barometer Study

### 3. Don't forget to update

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Be sure to revisit your beneficiary designations whenever you have a big life event, such as marriage, divorce, new baby or if one of your beneficiaries dies.

### 4. Use extra care when your beneficiary is a child

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We don't pay life insurance proceeds directly to minors. If you'd like to leave your benefit to someone under 18 (19 in AL and NE; and 21 in MS and Puerto Rico), work with an attorney or financial advisor to set up a trust. Or take steps to legally appoint a trustworthy adult to be responsible for managing the money on behalf of the minor.

If you leave your life insurance benefit to a minor without a trust or guardianship, it can take longer and be more expensive to get your benefit into the right hands.

### 5. Avoid unnecessary taxes

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Most of the time life insurance benefits are tax-free, but anyone who receives Supplemental Security Income or Medicaid can be disqualified from those benefits if they receive \$2,000 or more as a gift or inheritance. If you want to give your death benefit to someone receiving those government benefits, work with an attorney to set up a special needs trust and name that trust as your beneficiary.

### 6. Save your loved ones time and money

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Keep in mind that if you name your estate as your beneficiary, or if you list a beneficiary who's not living, your loved ones will likely spend valuable time collecting required documents and their own money on attorney and court fees.

**Note:** Products issued and underwritten by American United Life Insurance Company® (AUL), Indianapolis, IN, a OneAmerica company. Not available in all states or may vary by state.

In all situations, the policy is the governing document and AUL pays benefits in accordance with policy provisions.

To choose your beneficiary, visit the Forms section on [employeebenefits.aul.com](http://employeebenefits.aul.com), click on the Life tab, download and complete the beneficiary designation form, and turn it into your employer.