

## Why Naming Beneficiaries Is Not Always Good

**W**e often hear that our clients are advised by banks, brokers, and financial planners to name beneficiaries on their accounts. Institutions use different descriptions for this, depending on the type of account, but the general terms are “beneficiary,” Transfer on Death (“TOD”), and Payable on Death (“POD”).

When an account is held in this way, the owner owns it while alive, and it passes automatically to the designated recipient immediately upon death, without probate. That may be good, but not always. The reason probate is avoided by using these techniques is that the asset is transferred automatically to the beneficiary. Thus, any language in the will is inapplicable. Wills often contain alternate beneficiaries in case somebody dies, trust provisions for younger beneficiaries, trusts for disabled beneficiaries or other beneficiaries that are deemed to need protection, and special instructions to the person who is administering the estate. Account designations generally cannot achieve this level of complexity.

Before deciding to name beneficiaries on an account, you should evalu-

ate exactly what will happen with the designation, including what would happen if a named beneficiary predeceases the account owner, and review your will to see if the intent stated in the will matches the result of naming beneficiaries, including what happens if a beneficiary predeceases you.



*Elder Law*

...by Michael A. Pyle

Often people unintentionally circumvent everything they planned in a will by naming beneficiaries, which does not have the same result.

Probate is not a dirty word. Don't make inadvertent mistakes simply to avoid probate. Before naming beneficiaries on your assets, be sure the result matches your intent.

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