



Investment Insights

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Stay Current With Life's Changes

We all have dreams and visions of how our savings will support our lives. Be it a comfortable retirement, buying a cabin in the mountains, or sending children to school, typically we can find more ways to spend our savings than we actually have in savings.

Most of us also have thoughts on where our assets should go in the event of our death. From informal wills, to elaborate trusts, we express our desires to pass our belongings to those we care about. We name beneficiaries, trustees, and guardians, draw up documents, then file them away in a safe deposit box or drawer, out of sight and mind.

Years later, when we've gotten married or divorced, had kids, moved to a new state, and acquired all kinds of new property, that dusty old will or beneficiary form still sits in the back of a file, full of information that no longer has relevance. These forms have become irrelevant, as our lives have changed.

In my two decades of advising clients, I've seen many situations just like this. I've seen IRA's established years ago that still listed parents or siblings as beneficiaries when the IRA owner was now married with children. Or trust documents where the successor trustees are now deceased (at this point, they probably wouldn't do a good job acting as trustee...). Do these documents express the true intent of these people? Of course not. However, they are legally binding designations, and once you're gone, who will be there to tell the courts what your true intentions were?

Whenever you have a "life event" (i.e. you get married, have a baby, etc.), be sure to go back through all of your files and update everything. If you have retirement accounts or life insurance policies, complete new beneficiary designation forms to reflect your current intentions. A quick call to the respective companies will get you new beneficiary forms. Make sure the companies who handle these accounts receive the information and update your records, and keep copies in your files.

If you have a trust or will, review that document also when a life event occurs. Make sure all pertinent information is correct, from who will act as your trustee, to who your beneficiaries are. If information has changed, contact your attorney and have them revise the document. And make sure the revised copy is at the front of your file so it's clear that an updated version exists.

If you have questions as to who you can and should name as beneficiaries for your estate, talk to your financial advisor or attorney. Remember, California is a community property state, so if you're married, your spouse is typically going to be your primary beneficiary unless they legally waive that right. There are also special considerations when naming a minor as a beneficiary, so again talk to your attorney if you plan to name your minor child as a successor beneficiary in the event something happens to you and your spouse.

We've all seen the bumper sticker on the back of the Winnebago that reads, "We're spending our kids inheritance". Heck, you earned it, enjoy it. But make sure your beneficiary information is up to date: it may actually be your deceased Uncle Fred's inheritance that you're spending!

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