

Do You Know How To Be A Life Insurance Beneficiary? What You Need to Know to Prepare

Tens of millions of dollars in death benefits go unclaimed each year because beneficiaries lack basic information about their deceased loved one's life insurance policies. The following information will help provide you with information you need to know to be prepared.

When it comes to receiving a death benefit after a family member or significant other dies, many people are unprepared to collect. Better communication between policyholders and beneficiaries will improve the situation.

TOP CONSIDERATIONS

Knowing you're the beneficiary is just the start. You will also need information about the policy. It's helpful to think of it in three parts:

- Who is the insurance company?
- What is the benefit amount?
- Where is the policy stored?

Having this basic information will save time and help you learn what you need so benefits are paid properly.

THINGS YOU SHOULD KNOW

As a life insurance policyholder, there are important steps you should take now:

- Have you had a life changing event such as the birth of child or a divorce? It's important to update your policies after a major life event to make sure that you have the appropriate beneficiaries listed.
- Check your policies once a year to make sure that all beneficiaries are included and that the contact information for those listed beneficiaries is correct.
- Let your beneficiaries know about the policies.
- Provide beneficiaries or trusted advisors, such as accountants and attorneys, with the name of the life insurance company holding the policy.
- Place a current copy of the policy with your will or other estate paperwork in a safe place where family and beneficiaries will be able to easily find it.

Additional things a beneficiary should know:

- ◆ Once a loved one dies, a beneficiary may have options for how to receive the death benefit. One option is a single settlement check. Another option may be a Retained Asset Account, which is like a checking account maintained with or arranged by the life insurance company. When evaluating your options, it is important to consult with a tax professional about any potential tax consequences.
- ◆ While it's important for policy holders to plan ahead and prepare, the National Association of Insurance Commissioners (NAIC) **Life Insurance Policy Locator (LIPL) Tool** can help a beneficiary locate unclaimed benefits. The tool conducts a search of all participating life insurance and annuity companies regardless of where the deceased lived. For information on how to use this tool, please see the **Frequently Asked Questions** in the LIPL Tool link above.

TOP THREE THINGS TO REMEMBER

1. Inform your beneficiaries that they are named in your life insurance policy, or if you'd prefer not to let them know directly, make sure a trusted advisor, such as an accountant or attorney, is aware.
2. Keep your policy in a safe place and inform beneficiaries or trusted advisors of the name of the carrier and the location of the policy.
3. If you believe that you are a beneficiary of a life insurance policy, but don't have the information you need to collect, the NAIC LIPL might be able to help.

More Information

If you have insurance-related questions or concerns, please call the Department's toll-free hotline at 1-877-564-7323. Additional information is available on the Department of Insurance website at doi.nebraska.gov.