



Wealth Insights

TD Wealth Private Investment Advice

Monthly Perspectives From The Daley Group Wealth Management

Spring Cleaning: Update Your Beneficiaries

When was the last time you updated your beneficiaries? Beneficiaries are often named in registered plan documentation (such as RSPs, RIFs, TFSAs)*, within a life insurance policy contract and in a will. As time passes, it is common for updates to be overlooked.

While it may be very important to update beneficiaries after a major life change, there may be another reason in which to do so: what if your beneficiary predeceases you? Consider that this situation can pose potential problems or even additional costs for your estate.

Financial Implications

For assets that pass outside the will, such as the proceeds of registered accounts (not applicable in Quebec) and life insurance, if a named beneficiary is no longer alive and there is no contingent beneficiary named, these assets will generally become part of the estate. As such, assets may become subject to probate fees in provinces where applicable.

Within a will, if specific instructions do not clearly state what will happen to assets if your beneficiary predeceases you, the intervention of a court may be required to determine what will happen to those assets. This could result in additional costs and time to settle the estate, not to mention greater stress for the surviving individuals.

Familial Conflict

There may also be potential for intergenerational conflict. For example, if your children are named as the beneficiaries in your will and one predeceases you, that portion of the inheritance may be shared between the surviving descendants of the beneficiary. If this is not the intended distribution, it has the potential to cause family disputes.



The following three considerations may help avoid potential complications.

Designate a contingent beneficiary. In certain situations, you may wish to consider designating a contingent beneficiary (or subrogated beneficiary in Quebec). This contingent (or secondary) beneficiary will become entitled if the primary beneficiary does not survive you. For assets that do not pass under a will, this will help to ensure that the assets will be directly transferred to your beneficiaries without potential probate fees or delays.

Review the wording in your will. Carefully understand the language used in your will. Is there specific language that directs the distribution of assets in the event that a beneficiary predeceases you? Do you wish for the assets to go to the deceased beneficiary's children or descendants, or to others? The support of a legal advisor can be especially helpful in understanding if your will distributes your assets as you intend.

Periodically revisit your beneficiary designations. A regular review of your beneficiary designations and your will can help to ensure that the intended beneficiaries are the recipients of your assets upon death.

If we can help with this or any estate planning matters, please get in touch.

*Registered plans include registered Retirement Savings Plans, registered Retirement Income Funds, Tax-Free Savings Accounts.

The Daley Group Wealth Management — TD Wealth Private Investment Advice

5140 Yonge Street, Suite 1600, North York, ON M2N 6L7
www.advisors.td.com/thedaleygroup/

Kevin Daley, CIM®, FCSI®
Senior Vice President, Portfolio Manager, Investment Advisor
416 221 4999
Kevin.Daley@td.com

Gerson D'Souza, CIM®, FCSI®
Portfolio Manager, Investment Advisor
416 512 1106
Gerson.Dsouza@td.com

