LIFE™

COMMERICIAL | 2-99 EMPLOYEES

Life Insurance Beneficiary

Choosing a beneficiary puts your loved ones first[1]

During your enrollment, it's easy to focus on your own coverage and move quickly through the details. Choosing a beneficiary can feel like just another step, but it's one of the most important decisions you'll make. It helps make sure your benefit goes to the right person or people.

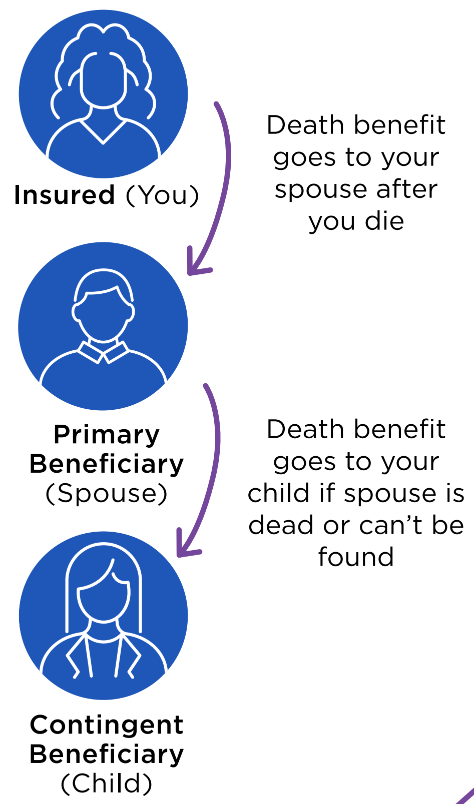
Know the two types of beneficiaries

There are two types of beneficiaries to consider:

- A primary beneficiary is first in line to receive the benefit
- A contingent beneficiary receives the benefit only if the primary beneficiary has passed away

Naming both gives you a backup plan and your loved ones a clear path forward. Without a named beneficiary, your benefit is at risk to go through probate,[2] a legal process that can delay distribution and take the decision of who receives your benefit out of your hands entirely. A little extra thought now can help spare your loved ones a lot of uncertainty later.

PRIMARY VS. CONTINGENT BENEFICIARY EXAMPLE



Think about who should receive your benefit

Deciding on a beneficiary involves more than just picking a name. It's very common to name a spouse or domestic partner, adult children or a sibling. But think carefully about who relies on you financially and who you'd want to receive the benefit if something happened to you.

You can name more than one primary beneficiary and decide exactly how the benefit is divided between them. For example, two siblings could each receive 50%. Keep in mind that your primary must be legally competent to receive the benefit.

Avoid naming a minor as beneficiary

It's natural to want to leave your benefit to your children. But insurers are not legally permitted to pay death benefits directly to anyone under the age of adulthood (18 in most states).[3]

If you do name a minor as your beneficiary, the benefit will be given to a court-appointed custodian—most likely a surviving parent—to hold until the child reaches adulthood. If you want someone other than the surviving parent to serve as a custodian, you need to specify that in your policy. The most secure way to leave money to a minor child is to name a trusted custodian or through a trust.

Name a legal guardian if you're a single parent

If something happened to you, who would take care of your children? Naming a legal guardian helps answer that question. In most cases, you'll want to name the same person as your beneficiary so your children are both cared for and financially protected.

You're not obligated to include your child's other parent, even if they're still alive. Together with the beneficiary designation, a will can give you more control over how the benefit is used, especially if your family's situation is complicated.

KEY TERMS

Primary beneficiary: The first person in line to receive your life insurance benefit.

Contingent beneficiary: The backup beneficiary who receives the benefit if your primary beneficiary has passed away.

Probate: A legal process that determines how assets are distributed if no beneficiary is named or if the named beneficiary is unable to receive the benefit.

Custodian: A person designated to manage life insurance funds on behalf of a minor until they reach adulthood.

Trust: A legal arrangement that holds and manages assets on behalf of a beneficiary.

Minor: Anyone under the age of adulthood, which is 18 in most states.

Dependent: Anyone who relies on you for care. Every minor is a dependent, but not every dependent is a minor.

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Review your beneficiaries every year

Naming a beneficiary isn't a one-time decision. Life changes, and your beneficiary designation should keep up. Marriage, divorce or the death of a named beneficiary are all reasons to revisit your choice.

If you don't keep your information current, your benefit could go to someone you're no longer in contact with. And if your named beneficiary passes away before you and you haven't made an update or named a contingent, your benefit is at risk of going through probate.

What to do next

When you enroll in or review your life insurance coverage, you'll be asked to choose your beneficiary. Reviewing or updating your information now can help make sure everything is set up the way you intend.

Take a moment to check that your beneficiary is up to date.
Contact your HR team for more information.

[1]The information presented here is for informational purposes only and is not legal advice. Please consult with your own legal advisor regarding your specific situation and needs.

[2]https://www.americanbar.org/groups/real_property_trust_estate/resources/estate-planning/probate-process/

[3]Arizona Revised Statutes § 20-1312, "Beneficiary; change of beneficiary; payment," accessed April 2026, https://www.azleg.gov/ars/20/01312.html.