Beneficiary Designation Guide

Employer-Sponsored Life Insurance Programs

You have chosen to participate in the term life insurance program sponsored by your employer.

An important part of the benefit program is the designation of a beneficiary. By designating a beneficiary, you control the distribution of your life insurance benefits upon your death. To be sure your intentions are clear, fill out the beneficiary designation form, which can be found under "Forms" on bcbstx.com/ancillary: write clearly, sign and date the form, and submit it to your Human Resources department. Once accepted by Human Resources, the designation will be valid. These same steps apply if you choose to change your beneficiary designation. Your company may have an online capability tied to your enrollment platform to complete your beneficiary designation. If that is available to you, select your beneficiaries online.

Primary and Contingent Beneficiaries

Please be sure to designate both primary and contingent beneficiaries. Upon your death, the primary beneficiary (or beneficiaries, if you choose more than one) will receive any payable life benefits. The contingent beneficiary (or beneficiaries) will receive life benefits ONLY if all primary beneficiaries have predeceased you.

You may choose to have your beneficiaries share the benefits equally or you may apply different percentages to each. Allotted percentages should add up to 100%. If no primary or contingent beneficiaries survive you, or if you have not named a beneficiary, life benefits are paid to:

- Your spouse or certified domestic partner, if living
- Your children, if living, in equal portions
- Your parents, if living, in equal portions
- Your brothers and/or sisters, if living, in equal portions

If none of the above applies, to your estate, you may designate any of the following as your primary or contingent beneficiary:

- A person or persons
- An institution, trust, charity or corporation (you may not name your employer or policyholder)
- Your estate (upon your death, Letters Testamentary or Letters of Administration appointing a personal representative of your estate will be required)

If you name a living trust, you should make sure that the trust is established and that it remains in effect through your death in order for the trust to receive the proceeds.

We cannot pay life insurance proceeds directly to a minor. If you want to name a minor as a beneficiary, you can use a trust to make a beneficiary designation. If you are acting as a power of attorney on behalf of an employee making a beneficiary designation, please refer to the FAQ.

Who are you protecting?

Life insurance is the tool most people use to financially protect their families from premature death.

Do you have a beneficiary?

When you designate a beneficiary, YOU control who receives your life insurance benefits—and whose financial future you protect.

Make your intentions clear and fill out the Beneficiary Designation Form.

You may obtain a copy of your beneficiary designation by contacting your Human Resources department.

Frequently Asked Questions About Designating Beneficiaries

1. **How many times may I change my beneficiary designation?**

   You may change the beneficiary designation for group life insurance as often as you wish and at any time. A change should be considered any time you experience a significant life event, such as a birth, marriage, divorce or death. This change is not valid until it is accepted by Human Resources.

2. **I am not comfortable giving my beneficiary's Social Security number. Is it required?**

   The Social Security number is not required; however, the beneficiary will be required to provide it at time of the claim to expedite the processing of the benefits. It will be used to help positively identify your beneficiary.

3. **Can my Power of Attorney complete my beneficiary form, and can he or she name himself or herself as beneficiary?**

   Yes, if the Power of Attorney documents *specifically* state that you have delegated this right. If you wish the Power of Attorney to be able to name himself or herself as beneficiary, the Power of Attorney document must also *specifically* state that you have delegated this right. Most standard Power of Attorney documents do not include a designation of these rights. Please carefully review your Power of Attorney documents. You may wish to consult with your attorney for further advice.

4. **I am in the process of getting divorced. How should I word my form?**

   Since each divorce case (or dissolution of a civil union) is different and can be complex, we suggest discussing your beneficiary designation with your attorney at the time the divorce/dissolution paperwork is filed and again after the final decree has been issued.

5. **I am considering setting up a trust; may I name a trust as beneficiary?**

   You may choose to designate an established trust to receive your group life insurance benefit. If you elect to do so, you MUST provide the name and date of the trust and the name and address of the trustee to contact upon your death. You do not need to provide a copy of the trust documents with your Designation of Beneficiary form, but the trustee will have to present them at the time of the claim.

6. **Can group life insurance benefits get paid directly to funeral homes?**

   Benefits can be made payable directly to a funeral home, so long as the designated beneficiary(ies) authorize the specific amount to be paid to the funeral home. However, required documentation is needed and must be provided in a timely manner before the claim payment is made.

   Please note that proceeds designated to a minor cannot be assigned to a funeral home to cover burial expenses.

Beneficiary Designation Tips

Use proper names. Nicknames can be confusing. When naming a married female as beneficiary, be certain the proper name is given (e.g., Angela J. Harmon, not Mrs. John R. Harmon).

Use specific names. The phrase "my children" can be vague and ambiguous. Does it mean "my children living at the time I completed this form," or "my children living at the time of my death"?

Secure your spouse's consent if you are not naming your spouse as a beneficiary and you reside in a community property state. Community property states currently are: Arizona, California, Guam, Idaho, Louisiana, Nevada, New Mexico, Nevada, Puerto Rico, Texas, Washington and Wisconsin.

Make a copy of your completed beneficiary designation form before submitting it to Human Resources and periodically review it to make sure all your beneficiary information is correct and current. It is especially important to update this information after a life event such as a birth, marriage, divorce or death.

Complete this form with an ink pen. Human Resources will not accept a form completed in pencil.

Don't use "white out" or cross out names to make changes in designation; doing so could invalidate the form.

Human Resources asks that you read the beneficiary designation form document carefully to ensure that your wishes are properly and validly carried out.

Frequently Asked Questions About Designating Beneficiaries

7. Do I need a beneficiary designation for my group dependent life coverages?

For group dependent life coverages, the employee is always the beneficiary, and therefore, you DO NOT have to designate a beneficiary. However, if you and the dependent should die at the same time, and benefits are payable, the proceeds would be paid to your estate.

8. I would like to name a minor child as beneficiary. What happens if I die and the child is still a minor at the time of my death?

If you name a minor as a beneficiary:

1. The benefits can be held on behalf of the minor at a nominal interest rate until the minor becomes of legal age.
2. Depending on the law in the minor's state of residence, you may be able to put the funds in a Uniform Transfer to Minors Act (UTMA) account that you set up.
3. A guardian of the minor's estate may submit appropriate documentation to direct distribution of the benefits.

State law varies widely on this matter and should be consulted before making any decision.

9. I named my three grandchildren to be sole heirs in my will. Will this ensure that any life proceeds are distributed to them?

A will is a separate document. Life insurance benefits will be paid according to the most current beneficiary designation form on file with Human Resources.

10. What is "facility of payment"?

A facility of payment order is used for cases where there is no named beneficiary or all primary and contingent beneficiaries listed have passed away before the insured. The order is always spelled out in your life insurance certificate.

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