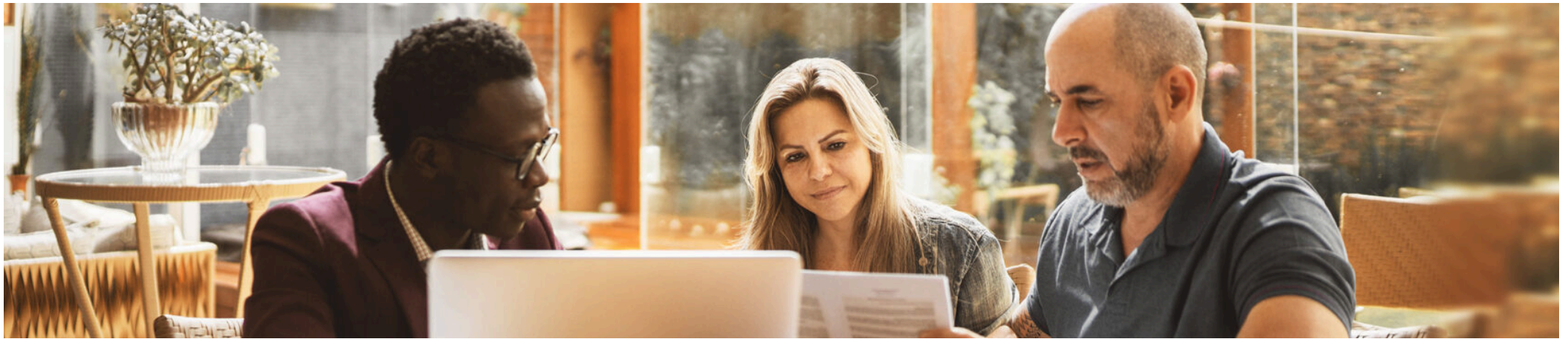


Lifescapes

Why should I update my beneficiaries?

By: Nicolas Gonzales 8/4/2026



Regularly reviewing your beneficiary designations will help make sure your assets go where you intend without legal complications and unintended outcomes.

When it comes to your estate plan, regularly reviewing and updating the designated beneficiaries of various assets — including retirement plans, life insurance policies, and annuities — may not be at the top of your to-do list. Anthony Perea, senior fiduciary strategist at Wells Fargo Wealth & Investment Management, Wells Fargo Bank, N.A., has found that, for many people, it's not on the to-do list at all. Yet this often-overlooked aspect of wealth transfer is a critical component of a well-designed estate plan.

Why? “Keeping your designations up to date lets you confirm whom you want to benefit from your assets,” Perea says. “You want to make sure you always have someone designated who will fulfill your wishes and who won't be financially burdened by the gift.” Beyond that, failing to revise your beneficiaries could have unintended consequences for both your assets and your loved ones.

Below, Perea dives deeper into the importance of updating beneficiaries and offers practical steps for avoiding common mistakes.

Four reasons to update your beneficiaries

Regularly reviewing your beneficiary designations helps make sure that your estate plan is on track and that the transfer of assets is both efficient and strategic. Here are Perea's top four reasons to consider reviewing your beneficiary designations.

- 1. Tax laws change — often.** When reviewing beneficiary designations, consider how changes in tax laws may affect beneficiaries after they inherit assets. Perea refers to tax changes brought about by the SECURE Act of 2019: “Children, age 21 or older, who receive a qualified retirement plan as an inheritance now have only 10 years to distribute the entire amount, as opposed to their remaining lifetime.” Those beneficiaries can work with the plan administrator to review

options for claiming and paying out this inheritance. One option is rolling into an Inherited Individual Retirement Account (IRA) — where again, a child aged 21 and over will be subject to required minimum distributions (RMDs) during the 10-year rule. Because tax laws continue to evolve, it is important to review beneficiary designations regularly as part of your overall estate planning strategy.

2. **The needs of family members could change.** Perea says this is often a question of whether equal treatment truly results in a fair outcome. For example, you could find yourself wanting to reconsider leaving an equal share to a beneficiary with special needs if the gift would mean that they lose government benefits. Similarly, an adult child who has accumulated their own wealth could prefer to avoid the tax burden of a large inheritance, which could instead be divided more strategically among other family members.
3. **Life could get in the way.** Milestone events such as marriage, divorce, births, or deaths could significantly impact your estate plan. Updating beneficiaries accordingly could help reduce complications for surviving family members and prevent assets from going to the wrong recipients (such as a former spouse or to the estate of a deceased beneficiary).
4. **It simplifies the wealth transfer process.** Updating beneficiary designations helps make sure your assets go where you intend. “For example, if a qualified retirement account has a beneficiary designation that doesn’t match the estate plan, the agreement in place directly with the account will supersede the estate plan,” Perea says. “Failing to update beneficiary designations could undermine years of careful estate planning.”

Who can help you review and update beneficiaries

Perea recommends working with trusted advisors to review your beneficiaries, whether your estate plan is simple or complex. “If you’re working with a financial advisor, they can help orchestrate updates and help prepare all the paperwork for you,” he says.

Perea also recommends working with estate attorneys, as identifying beneficiaries could involve legal decisions. “A financial team can help you navigate tax considerations, but you should ultimately get legal guidance for these legal documents,” he says. This is particularly important when trusts are involved.

Mistakes to avoid when reviewing beneficiaries

Perea recommends reviewing beneficiary designations every three to five years — or whenever major life events or tax changes occur. Here, he offers guidance to help in your planning.

Know which accounts require beneficiaries. Insurance policies and retirement accounts such as IRAs and 401(k)s are the most well-known beneficiary accounts. But assets such as annuities and

payable- or transfer-on-death accounts should also be reviewed. Perea says working with a trusted advisor can help identify all of your beneficiary accounts.

Establish contingent beneficiaries. A contingent beneficiary is someone who could inherit an asset if the primary beneficiary is unable or unwilling to accept the gift. Adding this extra layer to your beneficiary designations could keep assets from getting tied up in probate.

Update beneficiaries after life events. Perea says people often update their estate plan after an event like a death or the birth of a child, but they fail to take the extra step of reviewing and updating beneficiaries. Aligning beneficiary designations with your estate plan is a way to alleviate stress and confusion for surviving heirs.

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