



# Your Beneficiary

When you hold any life or accidental death and dismemberment insurance as part of your enrolment in the plan you can name a beneficiary or beneficiaries who will receive the proceeds of your coverage if you were to die. Not having a beneficiary designated can have significant implications for your family upon your death, and add unnecessary stress and worry at an already difficult time.

## What is a beneficiary?

A beneficiary is the person you name – in writing – who will be entitled to receive the value of your coverage and savings upon your death. If you have not provided a written record of your beneficiary, your insurance proceeds will go to your estate.

## Who is my current beneficiary?

As the plan member, you are responsible for validating your beneficiary designation. You should first check your own records to see whom you may have listed as your beneficiary. Designations can become outdated as family situations change. It's a good thing to include your beneficiary designation with any other important financial documents you hold and review them in conjunction with any financial fitness check-up you schedule during the year.

If you want to find out who is on file as your beneficiary, you should contact your plan administrator. He or she may refer you to Manulife's Customer Service Centre. Information about your beneficiary designation will only be released to you, as the plan member.

## How can I change my beneficiary?

You can change your beneficiary at any time by completing a beneficiary designation form. You can get a form from your plan administrator. Keep a copy of your completed form and submit the original document to your plan administrator.

## What is my 'estate'?

Your estate is made up of all of your assets and liabilities you have at the time of your death.

If you were to die without an officially named beneficiary, your estate becomes the trust where any of your assets are transferred to. Settling your estate involves comparing your assets to what you owe in debt and for income taxes.

While there are not currently any inheritance taxes in Canada, there are administrative costs, or probate fees, of usually between two to six percent of the entire value of your estate that are charged to your estate as part of the settlement process. Once these items are settled, the remaining assets go to beneficiaries named in your will.

Settling your estate may delay the process of distribution of your assets to your loved ones and they may even be subject to additional taxes.

If you plan to have your proceeds pass directly to your beneficiaries rather than through your estate, you can minimize the costs of probate fees.



## Revocable and Irrevocable designations

You should be aware of the differences between these two designation classifications. You can change a revocable beneficiary designation without the beneficiary's consent, as long as you submit your request in writing. You may however decide to name an irrevocable beneficiary. If you choose this option, you will generally need to obtain the written consent of the irrevocable beneficiary to make changes. Please note that where a minor is named irrevocably, this consent may be impossible to obtain.

Generally, if the beneficiary is a spouse, parent or child, or is named irrevocably, the plan may be exempt from seizure by creditors or a trustee in bankruptcy.

In Quebec, if the designation is not clearly marked as either revocable or irrevocable, then the law assumes that the designation is irrevocable. In all other provinces designations are assumed to be revocable unless clearly indicated as irrevocable.

## Guidelines for an official designation

When designating your beneficiary, be sure to:

- Complete the form in pen, not pencil.
- Include each beneficiary's full legal name.
- Indicate each beneficiary's relationship to you
- Indicate the percentage payable to each beneficiary.
- Sign and date the form.

If you are designating more than one beneficiary, you must also be sure that all designations add up to 100%.

## Did you know?

- You can designate more than one person to be your beneficiary (for instance your spouse and children). You can even choose the percentage of the benefit proceeds that will go to each person.

- If you have named someone who is under the age of majority as beneficiary for your life insurance, the proceeds will normally be paid to the court in trust until the child attains the age of majority. The guardian would need to apply to the court to obtain funds. Alternatively, you could name the guardian or appoint a trustee as the beneficiary to hold the life insurance proceeds in trust for the minor beneficiary.
- How important is it to keep your beneficiary designation up to date? Beneficiaries named in a will may override a beneficiary designation on a form if the will was signed at a later date and if it includes a specific reference to the deceased individual's plan.

This educational piece is intended for informational purposes only. Our customer service representatives can offer support and information, For detailed information please contact your licensed financial advisor for detailed information about designating a beneficiary and how it may apply to you.

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