

# Pay Attention to Asset Titling

## *Why Beneficiary Designations Can Override the Entire Estate Plan*

Clients often assume that once they've signed a will or established a revocable trust, their estate plan is complete. The documents themselves, however, are only part of the equation.

The most common and costly reasons estate plans fail are improper asset titling and outdated beneficiary designations. Even a well-drafted estate plan can unravel if account ownership and beneficiary forms are inconsistent with the client's intent. Advisors can provide enormous value in this area.

### **WHAT ACTUALLY CONTROLS THE ASSET?**

A fundamental rule of estate planning is this: the document that governs an asset depends on how that asset is titled. Specifically:

- If an asset is owned by a trust, the trust controls it
- If it has a beneficiary designation, that designation controls it
- If neither applies, the will or state law may control it

The complication arises because beneficiary designations often override both wills and trusts. Life insurance policies, retirement accounts, transfer-on-death (TOD) accounts, and payable-on-death (POD) accounts pass according to the form on file regardless of what the estate plan says—a frequent surprise to clients.

For example, a client may establish a trust stating that assets for their children are to be held until age 30. However, if the client names those same children directly as beneficiaries of a life insurance policy, the proceeds will generally pass to them outright, often at age 18.

The trust does not override the beneficiary form. The form overrides the trust.

### **HOW PLANS GO WRONG**

Asset titling issues are not rare technicalities; they are routine sources of conflict.

Consider a scenario in which a parent intends to treat three children equally. Most assets are placed in a trust and divided evenly. But instead of naming the trust as beneficiary of three life insurance policies, each child is named on one individual policy.

Over time, policies lapse or are dropped. When the parent dies, only one policy remains in force and only one child is named as beneficiary.

The result? One child receives the entire policy. The others receive nothing from that asset. Litigation follows. Relationships fracture. The original equal intent is defeated not because of poor planning, but because beneficiary designations were not coordinated with the broader estate plan.

These situations are rarely intentional. They are almost always the result of oversight.

### **WHY THIS HAPPENS SO OFTEN**

Beneficiary designations are deceptively simple. A short form is completed when an account is opened, and then it is rarely revisited.

#### **Complications arise when:**

- Accounts are transferred to new institutions
- Banks merge or are acquired
- Paper records are digitized
- Old forms are misplaced
- Clients assume their estate plan overrides everything

Even when financial institutions act in good faith, documentation may be incomplete. Notes may indicate that a beneficiary designation was once signed, but the actual form cannot be located. Without a properly maintained and verifiable form, confusion and disputes can follow.

Institutions make errors. Clients forget updates. Life changes. Without periodic review, misalignment is almost inevitable.

### **WHY ADVISORS ARE CRITICAL IN THIS PROCESS**

Unlike estate planning attorneys who may only see documents at drafting, advisors can regularly review accounts, ownership structures, and beneficiary forms.

#### **When reviewing accounts, consider asking:**

- Is the trust properly named where appropriate?
- Are beneficiary designations consistent with the client's estate plan?

- Do titling and ownership structures align with intended outcomes?
- Have recent life events (births, divorces, remarriages) triggered necessary updates?

In many cases, simply confirming that assets are titled in the trust provides immediate clarity and confidence.

Asset titling is not just an administrative detail; it is the mechanism that determines who ultimately receives what.

### THE BOTTOM LINE

Even the most carefully drafted estate plan can fail if asset titling and beneficiary designations are inconsistent. Estate planning documents express intent. Asset titling executes it. When beneficiary designations conflict with trusts or wills, the designation almost always wins. That is why we believe careful coordination and periodic review are essential.

For advisors, attention to asset titling is one of the most practical and impactful ways to ensure that a client's estate plan functions as intended—and to prevent unintended consequences that may permanently alter family relationships.

To learn more about this topic, please watch our [Office Hours video](#) or reach out to your investment consultant.

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