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The Savvy Investor
Wills – Caution

Here is an undesirable situation that happens too often and could easily have been avoided. It illustrates why you need to review more than just your will.

Remember, the beneficiaries of your qualified accounts (e.g., IRAs) are *not* determined by your will but by a separate Beneficiary Agreement.

- **The Situation**

- “Tom” names wife No. 1 as the beneficiary of his IRA. Then they get divorced and Tom remarries. Tom draws up a new will, leaving everything to wife No. 2.

- **The Problem**

- Tom later dies and wife No. 2 discovers that she inherits none of Tom’s IRA. Instead, Tom’s IRA and 401(k), perhaps the bulk of his wealth, goes entirely to the ex-wife, not wife No. 2, even though he changed his will.
- Wife No. 1 might be very happy but this is probably not what Tom intended.

- **The Solution**

- How could this happen? Tom failed to change the beneficiaries to his IRA and 401(k).
- **The beneficiaries to IRAs and 401(k)s (and all qualified accounts) are *not* determined by a will but by the Beneficiary Agreement.**

- **Bottom Line**

- Changing your will does not change the beneficiaries of your IRAs or 401(k)s.
- Be sure to periodically review the beneficiaries to all your qualified accounts (IRAs).
- Alternatively, don’t get divorced and don’t die!

Please contact us to help you see if you have everything in good order