

What are Beneficiaries?

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Legal Definition

The legal definition of a beneficiary from the New World Dictionary of Law is: “A person entitled to an advantage, benefit, or profit (such as an inheritance under a will or the proceeds of an annuity, insurance policy, or property held in trust) arising from an appointment, assignment, disposition, instrument, or legal arrangement.” In more simple terms, a beneficiary receives something of value, whether monetary or sentimental, from another and may be distributed in a number of ways including through a will, an insurance policy, a financial account, or a trust.

Beneficiaries Can Be Trusts or Organizations

Despite the definition stating a beneficiary is a person, a beneficiary may also be a trust or an organization. Naming a trust as beneficiary can be a smart asset preservation and tax-saving strategy. When a trust is named as a beneficiary, the assets of an estate or an insurance policy are placed in the trust and managed by the trust’s trustee. The assets are distributed by the trustee according to the trust instructions. A trust may have many beneficiaries of the trust assets or may have only one beneficiary.

Getting Legal Help

Experienced California Estate Planning Attorney Shannon Howell can help you understand estate planning and create a plan to protect your assets and your loved ones. **Contact us today to discuss your individual planning needs at (619)-739-4657.**
