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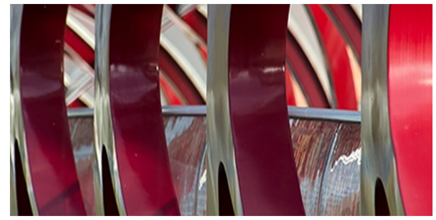

News & Types: クライアント・アドバイザリー

受益者の指定について ― 元配偶者に残高が支払われた事例から学ぶ

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By: フランク デルバルト

Practices: 雇用／労働法／福利厚生

We have often stressed the importance of properly updating group life insurance and 401(k) retirement plan beneficiary designations in response to life events. Recently, a federal appeals court found that a deceased employee did not substantially comply with the beneficiary change requirements set forth in his company's retirement plan and awarded his retirement plan account balance to his former spouse.

In August 2006, the employee married. In September 2022, the employee and his spouse divorced and entered into a Qualified Domestic Relations Order that allocated a portion of his retirement account balance to his former spouse. In October 2022, he directed his secretary to send a fax to the company's benefit center to remove his former spouse as a beneficiary from his 401(k), pension, and life insurance accounts. In January 2023, he died. The former spouse and the deceased employee's estate filed claims for the retirement plan account balance. Later, the district court determined that the sister's estate may have also had a potential claim as a contingent beneficiary and added her estate as a defendant.

Although the appeals court found that the deceased employee intended to change his beneficiary designation, the court also found that he did not utilize the beneficiary change procedures outlined in the plan documents. The retirement plan documents did not allow a participant to request a beneficiary change via fax. To change his beneficiary designation, the deceased employee was required to call the benefits center using a designated phone number or update the beneficiary(ies) online.

This case reaffirms an employee's need to follow the beneficiary change procedures set forth in their company's group life insurance and retirement plan documents to ensure his/her wishes are followed.

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