Civic and Police Employees' Group Life Insurance Plan beneficiary designations

A beneficiary designation is the act of naming a person or entity to receive the death benefit from a group benefits plan:

- Beneficiary: the person or entity that receives the death benefit from a group benefits plan
- Death benefit: the payout under a group life insurance benefit

Designating a beneficiary is an important part of estate planning and should be considered carefully. It is important to keep beneficiary designations up to date as life changes, such as marriage, divorce, or the birth of children.

Important: a beneficiary designation form must be signed in ink for it to be valid. The original signed copy of the form must be submitted to Human Resources. Copies sent by email or fax will not be accepted.

Designating a beneficiary

The beneficiary designation must be clearly identified on the enrollment form to carry out your intent and pay claims without any delay. You should review your beneficiary designation regularly (e.g. once every 12 months) to ensure it reflects your current situation. If you wish to change your designation in the future, please contact us based on the following:

- Active Employees: contact your HR department for assistance
- Retired Employees: contact City of Winnipeg Total Compensation & Benefits

In most provinces, insurance proceeds cannot be paid directly to children under the age of 18. If you are designating a child under the age of 18, you can appoint a Trustee to receive the insurance proceeds "in trust" to avoid delays in processing with the court to appoint a legal guardian or paying out a Public Trustee.

Life insurance death benefits are non-taxable, provided the named beneficiary is a person, and not the 'Estate.' If the named beneficiary is 'Estate,' proceeds may be subject to Estate taxes. You should discuss any tax implications with a personal financial advisor.

Primary and contingent beneficiaries

- **Primary beneficiaries** are the person, people, or entity you designate to receive the death benefits. If more than one beneficiary is designated, you will need to indicate what percentage you would like each to receive. When multiple primary beneficiaries are named, the total percentages allocated to each must add up to 100%.
- **Contingent beneficiaries** are the person, people, or entity you designate to receive the proceeds of the death benefit if all the primary beneficiaries pre-decease you. If you select more than one contingent beneficiary, the benefit will be split evenly between the contingent beneficiaries.

Revocable and irrevocable beneficiaries

- **Revocable beneficiaries** can be changed at any time without needing their permission to do so. For example, you may initially choose to designate a sibling, but upon marriage, you decide you want to make your spouse the beneficiary instead. You would not require the sibling's permission to make the change.
- **Irrevocable beneficiaries** cannot be changed unless the living beneficiary consents. When an irrevocable beneficiary is named, they have certain rights and control regarding the benefit. Should a member want to change an irrevocable beneficiary, they must obtain their consent. For example, in the event of a relationship breakdown between an employee and their spouse, they may have a separation agreement or a court order that they must designate an irrevocable beneficiary, such as requiring the children to be named as the primary, irrevocable beneficiaries. If a minor child is designated as irrevocable, the child cannot give valid consent to the change until they reach the age of majority. ***Note***: there is a specific Irrevocable Beneficiary Designation form to be used in this situation.

If you don't have a designated beneficiary

When there is no designation made and death proceeds are payable to the Estate, it may result in:

- **Delay in access to assets** – your loved ones may have to go through the estate administration process and probate (if needed) after you have passed. You may not want to leave your loved ones with having to deal with the stress of costly and time-consuming court proceedings to access your assets.
- **Taxes** – proceeds may be subject to certain taxes or debts that otherwise could have been avoided if given to a designated beneficiary(ies).
- **Family disagreements** – When it is not clear who gets what, it could create confusion and disputes as to what a person's entitlement is.
- **Improper distributions** – you run the risk of assets getting distributed to someone you may not have intended or disputes arising about who receives the proceeds.

Changing your beneficiary designation

It is important you keep your beneficiary designations up to date. Life can be unpredictable and you are likely to experience a life change that will impact your beneficiary designations.

During the following life events, you may want to consider if an update to your beneficiary designation is required:

- Marriage
- Divorce
- Birth of a child
- Death of spouse/partner or child
- Remarriage
- Change in financial situation

Note, if you have an irrevocable beneficiary designation in place, you will require the named beneficiary's written consent to make a change.

Naming a minor as a beneficiary

If a benefit becomes payable to a minor, the benefit can only be paid on behalf of the minor to a trustee or guardian. Otherwise, it would be paid into court to be held until the beneficiary reaches the age of majority. If naming a minor as a beneficiary, it is important you also name a trustee.