

Quebec members: be aware of a rule change if your beneficiary is under age 18

A recent case decided by the Superior Court of Quebec has clarified the law on who can receive proceeds on behalf of a minor beneficiary named under a life insurance policy in Quebec.

This decision will impact you if you have named a minor as a beneficiary under your group life insurance policy, retirement savings and income products and listed someone other than the child's other parent (or legal guardian when applicable) to administer the proceeds until the child turns age 18.

Only parent(s) or legal guardian can administer death benefits proceeds

Currently, if you name a child under age 18 as a beneficiary under your group life insurance, retirement savings and income products coverage, you are also able to name someone (an "administrator" or "trustee") other than the parent(s) (or legal guardian) to manage any death benefits paid on behalf of the child until he or she reaches age 18.

In some cases – commonly when parents are separated or divorced – a member may wish to name someone other than the other parent of the child as the administrator/trustee, as they do not want the other parent to manage the child's proceeds. That situation is no longer possible under Quebec law. The Quebec court has ruled that when a death benefit under a life insurance policy is payable to a minor beneficiary, it must be paid to the child's parent(s) (or other legal guardian when applicable) and not to any other administrator/trustee named.

Further to this ruling, in Quebec where the beneficiary of a life insurance policy, retirement savings and income products is a minor at the time of your death, we will pay the proceeds to parent(s) (or other legal guardian if applicable), and not to anyone else who might be named as administrator/trustee of the proceeds. This change is effective immediately.

Review your beneficiary designation

Based on this change, you may wish to review your beneficiary designation to ensure that your current designation best reflects your wishes. If you wish to have another person administering the child's proceeds, you should ensure you have the proper provisions in your will. You may also want to consult with a legal counsel to determine if there are some estate planning steps you can take in the event this new ruling negatively impacts your planning.

Questions?

If you need any more information about any of the above, please contact us:

- for **your retirement savings and income products** please contact Sun Life Financial's Customer Care Centre at 1-800-733-8612, 8 a.m. to 8 p.m., ET any business day.
- for **your group life insurance policy**, please contact your employer,
- or if your contract is administered by the **Group Benefits Total Administration team**, please contact the Sun Life Financial GB Call Center to speak with your Group Benefits Administrator.