

# Your Total Rewards

## Frequently Asked Questions on Naming Beneficiaries

### What is the difference between primary vs. contingent or secondary beneficiary?

The primary beneficiary or beneficiaries receive your account balance or benefit for each applicable benefit plan in the unfortunate circumstance that you pass away. Contingent or secondary beneficiary or beneficiaries receive your account balance or benefit if the primary beneficiary predeceases you.

You can name one or more persons, a Trust or an Estate as a beneficiary. But keep in mind if you designate your primary beneficiary as someone who is not your spouse, for certain Phillips 66 benefit plans, you may be required to complete and submit an additional form or obtain your spouse's notarized consent. Refer to the [applicable summary plan descriptions \(SPDs\)](#) for specific plan rules regarding beneficiaries for your Pension, Savings, and Life Insurance benefits.

### What happens if no valid beneficiaries have been designated?

If there is no valid beneficiary designation on record upon your death, each benefit plan will distribute assets according to the specific plan's rules. For Pension and Savings Plans, your surviving spouse (if you are married) will automatically be your beneficiary. If you are not married, distribution of benefits will be subject to the order noted in the SPD, generally with the participant's estate being the last option.

When benefits are issued to the participant's estate, the assets must transfer through the probate process and then according to the decedent's last Will, or if no Will exists, according to the state intestate succession laws. Keep in mind that the probate process can be lengthy and costly, so designating beneficiaries for each plan benefit will help your loved ones avoid the probate process.

### How often should I update beneficiary information?

Reviewing your beneficiary information for each benefit plan is a process that should be done every few years. At a minimum, review and update beneficiaries following life-changing events, such as a marriage, divorce, birth or death. Note that for some benefit plans such as Pension and Savings, beneficiary designations made prior to marriage may be void upon the participant's marriage. In addition, beneficiary designations may become void if divorced or legally separated or the marriage is annulled.

### Can I update beneficiary information in one place for my various benefit accounts?

Each of your benefits has specific plan rules and require separate beneficiary designations. At minimum, you will need to designate beneficiaries in three different locations (Pension, Savings and Life Insurance) and possibly more depending on your elected/eligible benefits such as HSA, deferred compensation, or RSUs. Refer to the [Benefits Beneficiary Guide](#) for a listing of all the benefits that require beneficiary designations.



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## Do I need a Will or Trust to assign beneficiaries?

In general, Wills or Trusts will not override what you have elected as your beneficiary designations for each Phillips 66 benefit. Therefore, Wills or Trusts are not required but may be preferred if you have specific instructions or unique circumstances for the allocation of your benefits.

A Will helps ensure your wishes are carried out and your property is distributed in the way you choose. Your estate must still go through the probate process but submitting your Will to the court can make the estate process much easier. Keep in mind that the probate process is a public proceeding and as previously noted, may be lengthy and costly.

For information about online Will Preparation Tools, refer to the [Will Preparation, Funeral Planning, and Concierge Services brochure](#) available through Zurich's Life Insurance plan or seek legal and tax counsel for further guidance.

A Trust also provides specific instruction for the allocation of your benefits, but the goal is to avoid the probate process. A legal professional can help establish a Trust, but this can also be costly. Assets may need to be transferred into the name of the Trust in order for your benefits to be distributed according to the terms of the Trust.

## What if my beneficiary is a minor or disabled?

Generally, minors cannot legally own or manage their own money. If you name a minor as a beneficiary, you will have to take additional steps to make sure someone, such as a guardian or conservator, manages the assets until the minor reaches the age of majority (age of majority varies from state to state). For example, you may consider establishing a Trust and assign a custodian who will act in the best interest of the child or you may provide instructions in your Will.

It is also important to consult with a legal professional if you are considering naming a beneficiary with a disability.

If you do not set up a Trust, benefits designated to a minor or person with disability will still be subject to the probate process even if a Will has been created. In the absence of a Will, the Court system will determine guardianship of the benefits until the minor reaches the age of majority. As previously noted, the probate process may be lengthy and costly.



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