

Minor Beneficiaries

There are four possible payout options:

1. Guardian or Conservator of Estate (also referred to as “Estate Guardian”)

The Estate Guardian is a person who has been appointed by a court to receive funds and manage the financial affairs for a child. Many people believe that a natural parent or custodial guardian of a child is by default, the estate guardian too. This assumption is not correct. In order for a person to become a child’s Estate Guardian, they must be specially appointed by the court to act as such.

2. Uniform Transfers to Minors Act “UTMA”

UTMA is a uniform law that was created to allow reasonably small sums of money (usually under \$10,000) to be paid to an authorized custodian on behalf of a minor, via a special type of bank account. The account may have to be federally insured depending on the state where the child lives. Therefore, most UTMA accounts cannot be set up at a local stockbrokerage because those funds are not insured by the federal government. The definition of an eligible custodian can vary by state.

3. Facility Of Payment to a Minor “FOP”

FOP is similar to UTMA. FOP is easier for the family because all it requires is a signed affidavit and with UTMA, the family has to set up a special bank account in addition to signing an affidavit. FOP allows even smaller sums than UTMA to be paid to a custodian. This option is used most frequently when sums due a minor are about \$5,000 or less because it does not require a special bank account. Only a signed affidavit by an authorized person is needed, which is why it is the most attractive option to custodians for payment of the funds. The definition of an eligible custodian varies by state.

4. Supplementary Contract “SUPP K”

SUPP K is the default option when a custodian cannot receive payment by any other means described above. This option is always available. A SUPP K is an interest-bearing annuity contract that The Standard establishes for the minor to hold their funds until they reach the age of majority. Most people use the SUPP K feature when the dollar amount payable to the minor exceeds the MAXIMUM AMOUNT to qualify for UTMA or FOP, and they do not wish to hire an attorney to help them petition the court for estate guardianship.