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## Per Stirpes vs. Per Capita: What it Means for Your Estate Plan

**Todd A. Herman, CFP® – Financial Advisor |  
Financial Planning Specialist**

You may not think about it when naming a beneficiary, but one small decision can significantly impact how your wealth is passed on. When setting up or reviewing your estate plan, consider how your assets will be distributed among your heirs. This often comes down to choosing between two legal terms: *per stirpes* and *per capita*.

While they may sound technical, understanding the difference can help ensure your wealth is passed on the way you intend—especially in the event that one or more of your beneficiaries passes away before you. Here's what each term means, and why choosing the right one matters for your family's inheritance.

### HOW PER STIRPES AND PER CAPITA AFFECT YOUR ESTATE

These two Latin terms define how your estate is distributed when a beneficiary dies before you. The key difference is who receives that person's share:

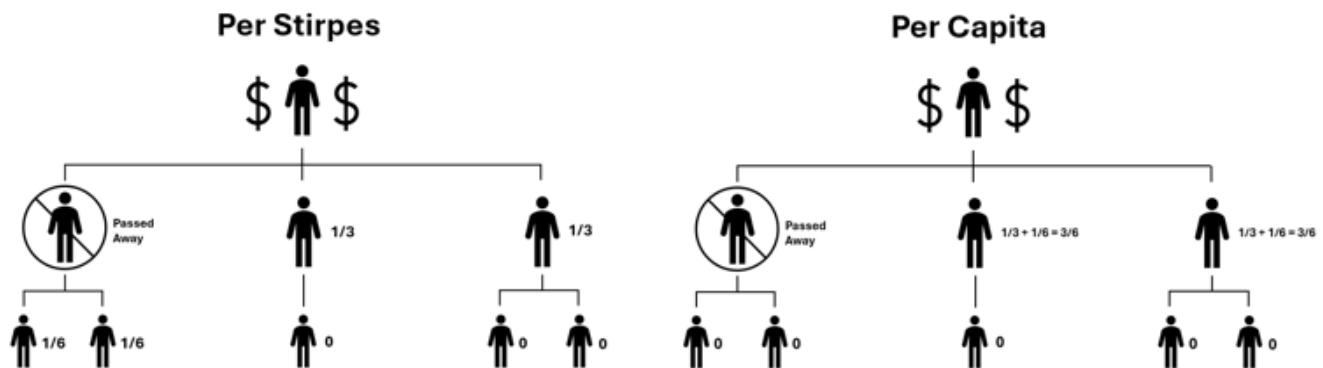
- Per Stirpes (“*by branch*”): If a beneficiary dies before you, their share goes to their descendants (typically children or grandchildren).
- Per Capita (“*by head*”): If a beneficiary dies before you, their share is divided among the remaining living beneficiaries, typically at the same generational level.

**Example:**

John has three children—Ben, Lauren and Ashley. If Ben dies before John:

- Under per stirpes, Ben's one-third share goes to his children.
- Under per capita, Ben's share is divided equally between Lauren and Ashley. Ben's children would receive nothing.

These approaches can result in very different outcomes depending on your family structure. Here's a visual breakdown of how each method impacts your family's inheritance pattern:



## WHERE THIS MATTERS

You will often be asked to select *per stirpes* or *per capita* when naming beneficiaries on:

- IRAs and 401(k)s
- Brokerage and investment accounts
- Life insurance policies
- Transfer-on-death (TOD) registrations

It is important to note these beneficiary elections take legal precedence over your will and other estate documents, so it's essential to keep everything aligned.

## WHICH IS RIGHT FOR YOU?

There's no universal right answer. *Per stirpes* is often preferred if you want your assets to stay within each branch of your family. *Per capita* may be better if you want everything divided equally among surviving beneficiaries at a specific generational level. The best choice depends on your goals, your family dynamics, and how you want your legacy to be remembered.

Beneficiary designations are easy to overlook but carry significant weight. We recommend reviewing them regularly—especially after major life events like a birth, death, or marriage—to ensure they still reflect your intentions.

## FINAL THOUGHTS

The choice between *per stirpes* and *per capita* isn't one-size-fits-all. If you are unsure how your assets would be distributed, or whether your current beneficiary designations reflect your intentions, we're here to help.

Let's make sure your estate plan, and every beneficiary form, works the way you intended. Our financial planning team can walk you through your options and coordinate with your estate attorney to ensure everything works together.

### IMPORTANT DISCLOSURES:

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