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Weber 
Gallagher

Looking for Something to Do Today?

I promise this post has nothing to do with COVID-19; well, almost nothing.

A friend who practices estate law forwarded to me a very recent decision of the Pennsylvania Superior Court. It is what is called a “Non-Precedential” decision, which means that it decides the issues in the case on appeal, but the decision is not binding on the entire Superior Court or the lower courts of Pennsylvania. Lawyers can then only cite to that case on a limited basis. For those who are interested, the case is *Estate of Scott A. Harmon v. Brenda L. Harmon*, No. 1574 MDA 2019 (Superior Court of Pennsylvania)(Memorandum by Pellegrini, J., filed March 27, 2020)(Non-Precedential Decision).

My point, however, is not the difference between a “precedential” and a “non-precedential” appellate court opinion. It is that the fact pattern in the Harmon case occurs frequently, and that is why my friend forwarded the opinion. We worked together on this fact pattern all too frequently.

In the Harmon case, the parties had gotten divorced. Through their 2009 Property Settlement Agreement both parties waived any and all interest in any “vacation pay, stocks, bonds, bank accounts, annuities, mutual funds, credit union accounts, life insurance, employee benefits and any pension plan, profit-sharing plan and/or retirement funds or accounts” of the other party. In 2018, the husband died in an accident and, unfortunately, he never changed the beneficiary designations on his employer-sponsored life insurance. His former wife was still his beneficiary, and his mother was the contingent beneficiary. The insurance company paid the \$70,000.00 death benefit to the former wife.

The husband’s estate filed a Motion for Contempt against the former wife under the divorce case’s caption seeking to enforce the Property Settlement Agreement’s waiver of the life insurance benefits. Luckily, the wife’s lawyer escrowed the insurance proceeds pending resolution in the courts. The Court of Common Pleas of Lycoming County ruled in favor of the husband’s estate, and the Superior Court affirmed on appeal.

The right result was eventually achieved, and I am happy to say that in the three or four similar situations in which I have been involved, the right result was also achieved. However, I have read of other cases that did not turn out the right way. The simple way to avoid unnecessary litigation, probably after your death, is to change your beneficiary designations right after your divorce.

Relative to employer-sponsored benefits, while you are married, unless your spouse specifically declined beneficiary status, he or she will automatically be the death beneficiary of group life insurance, pension plans and other retirement benefits. After divorce, you have the right to change your beneficiaries of those plans to whomever you want.

This is not something to put off. If you are divorced, make sure your beneficiary designations line up with your desires. If you are in the process of getting divorced, make the changes right after your divorce decree is issued. In these uncertain times, you never know what awaits you right around the corner.

As I said in the beginning, there is almost no mention of COVID-19.