

Fundamentals of estate planning

Personal finance guide



Estate planning checklist



Your estate plan allows you to determine what happens to your possessions upon your passing. Without an estate plan, state laws and courts will make those decisions for you, which may not be in accordance with your wishes or goals. Your estate plan can also allow others to act on your behalf in various capacities if you are unable to act yourself.

- **Make or update a will.** We suggest working with an attorney that specializes in estate planning and be cautious of online preparation software. If you have dependents, you should designate your guardians in your will, otherwise the court may appoint them for you.
- **Consider charitable intent.** Charitably minded people may want to include a gift to their favorite charities through their estate. It is a wonderful way to create a lasting legacy. It is helpful if you let the recipient know of your future gift, and how you would like the gift to be used.
- **Create letter of instruction.** This document provides a list of instructions for your survivors to follow. For example, it can spell out your funeral wishes, people to contact, and where your will and other key papers can be found. It also can provide information about your financial accounts and activities.
- **Create a net-worth statement, including insurance proceeds.** If you have substantial net worth, consider talking to a tax and or financial adviser to determine steps necessary to minimize or eliminate the impact of federal and state estate and inheritance taxes. This will help your heirs, including your spouse, know what you have (*and indicate where your assets are held*).
- **Include digital assets.** Create an inventory of all your digital assets and make decisions on who should have access to them.
- **Establish a trust, if appropriate.** A trust is a legal entity that holds property designated by you for the benefit of you and your beneficiaries. By creating a trust, you bypass probate at death (*and the public record*) for easier transfer. There are many other aspects to establishing trusts and reasons for it to discuss with your adviser.
- **Review beneficiary designations, arrangements, and account ownership:** For your IRA, 401(k), retirement plans and life insurance policies. These accounts pass according to the beneficiary listed on the account and should be coordinated with your will and trusts. If you don't name a beneficiary, or if the beneficiary is deceased, a court could be left to decide the fate of these accounts.
- **Make or update healthcare directives.** This document can speak for you by outlining the medical procedures you want taken if you become too ill to state your wishes yourself. Make sure a HIPAA (*Health Insurance Portability and Accountability Act of 1996*) release is included so that those you designate can be given information.
- **Create springing or durable powers of attorney.** These documents allow you to appoint someone to make decisions on your behalf if you become incapacitated. There are two types: one to deal with your personal, legal and financial affairs, and another to deal with health-care decisions (*health care proxy*).

Executor checklist



General tasks of an executor:

- **Contact the deceased's attorney**, and other professionals such as an accountant and financial advisor.
- **Locate estate planning documents**, including multiple copies of the death certificate. Each of the financial institutions that you will be communicating with will require the death certificate (among other documentation) to allow you to access the funds and/or close out the account.
- **Identify each asset owned by the deceased person**. As executor, you will be responsible for managing the assets until they are distributed. This may involve deciding whether an asset should be sold or retained. We recommend working closely with other professionals such as attorneys, accountants, and financial advisors to make these decisions and understand their impacts.
- **Notify appropriate institutions**, such as credit card companies, banks and the Social Security Administration, of the death.
- **Work with the estate attorney to determine if the will needs to be filed in probate court**. This decision can depend on state laws and the value of the property that will pass via the terms of the will. Generally, any assets with a beneficiary designation will pass to the heir(s) directly (*irrespective of the terms of the will*) and do not require probate proceedings. Additionally, if spouses own assets such as a home as joint tenants with rights of survivorship (*JTWROS*) or tenants by the entirety, then the surviving spouse would inherit the deceased's ownership in the assets without probate.
- **Set up a bank account for the estate** to hold income received after death and pay debts and expenses. The bank may re-title the deceased's checking account to the estate for this purpose. Use estate funds to pay ongoing expenses and debts.
- **Determine who will inherit all or part of each asset and contact each person**. If no beneficiaries have been designated or if the person died without a will, state intestacy laws dictate who will receive the assets. Many states' laws are designed to distribute a deceased person's assets to close relatives such as a surviving spouse, children or grandchildren, parents or siblings.
- **Make sure that a final federal and state income tax return is prepared and filed** for the year of death. If the deceased has a large taxable estate, you may also have to file state and federal estate tax returns within nine months of the date of death.
- **Ensure that all property is distributed properly** according to the beneficiary designation forms or stipulations of the will or trust document.

Essential information to share with your loved ones and/or executor



Funeral arrangements & preferences

- Choice of cremation or burial
- Type and details of Service
- Cemetery plot
- Religious leaders
- Organ donation

Key contact information

- Financial advisors
- Lawyers
- Doctors
- Accountants
- Employer

Important documents

- Social Security Number
- Birth Certificate
- Marriage Certificate/Divorce decree
- Deeds & Titles
- Insurance Policies
- Tax Returns
- Wills, trusts, estate planning docs
- Veterans discharge papers

Usernames & passwords

- Computers & Tablets
- Mobile phones
- Investment accounts
- Debit cards
- Email
- Online accounts

Financial assets

- Bank accounts (*names, locations, account numbers*)
- Other cash assets (*HSA, 529 Plans, bonds, limited partnerships*)
- Brokerage accounts & retirement plans (*firm names & account numbers*)
- Real estate holdings
- Royalties, copyrights, patents, and other sources of recurring income
- Cryptocurrency assets

Financial obligations

- Credit & charge cards (*issuer & payment arrangements*)
- Outstanding loans (*name of creditor & payment arrangements*)
- Ongoing subscriptions & memberships
- Instructions for liquidating hard-to-sell assets

Digital assets

- Email accounts
- Social media accounts
- Photo & music collections
- eBooks & electronic subscription
- Creative work (*text, music, visual art*)
- Password managers
- Estate planning & financial sites
- Digital medical records
- Intellectual property