



Next Steps Workbook

A couple's guide to financial preparedness

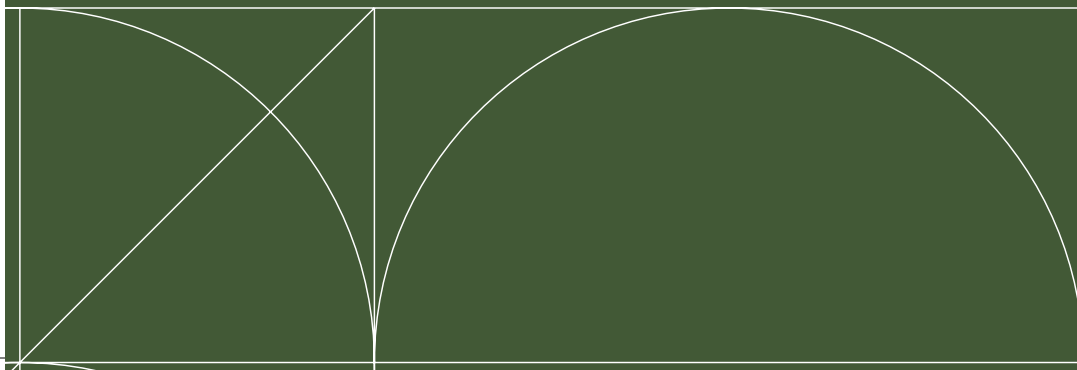


Table of contents

Introduction	3
The beginning	5
Titling your accounts	15
Transferring your assets	17
Personal items	19
The first three weeks	23
Strategies and priorities.....	29
Appendix	30
Additional resources	34
About the author.....	39

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Introduction

The purpose of this workbook is to recognize that in every marriage there tends to be a financially oriented spouse and a non-financially oriented spouse. In fact, there are many couples where “our” money, “my” money, and “your” money still exists. One spouse pays some bills, and the other pays other bills. To complicate matters, each spouse would likely be confused by the other’s system of paying bills. Each spouse has their own method to the madness. Yet, each is oblivious to the other’s. Add in corporate retirement plans, stock option plans, real estate parcels, military benefits, collectibles, and children/grandchildren, and the potential for chaos should one of the spouses become incapacitated or die quickly surfaces.

We empower each other *financially*

We have all experienced learning curves at various points in our lives. Going from regular math to algebra or regular science to physics in high school was one such time. Transitioning from college to being on your own for the first time was another. Having your first baby and learning how to build and run a family was still another. In many cases, the steepest learning curve by far occurs at the loss of a spouse. In some cases that loss takes a period of years, as is the case with Alzheimer’s or dementia. In other cases it happens more quickly, as with cancer, Parkinson’s, or the other myriad of diseases. Or, it may happen suddenly with an accident, heart attack, or stroke. Imagine the stress of coping with the loss of your mate while at the same time trying to cope with what bills need to be paid, the question of your financial solvency, and a host of other questions that would flood your mind if this were to occur.

While not an exhaustive collection of thoughts and to-do’s, what follows is intended to empower the non-financially oriented spouse and bring confidence to the financially oriented spouse knowing they are each more prepared to deal financially with the tragedies of life.

We hope you will use the exercises contained herein to draw you closer to one another as you give the ultimate gift of your knowledge to the one you love most in this world.

The beginning

What follows is a checklist that you should become familiar with while your spouse is able to assist. These items should be considered, located, and/or created.

- ☐ Is there a will? Where is it? Who is the attorney who drafted it? Is he/she still alive/practicing law? (Make notes on following pages) Obtain a copy or the original and review it to ensure it still outlines your current wishes.
- ☐ Who is the executor or administrator of the estate? When is the last time this choice was reviewed and/or updated? Is this person still competent?
- ☐ What are your wishes for end of life/burial as well as service arrangements? What is the plan to make certain those wishes are carried out?
- ☐ Make sure you have each other's Social Security number, current/former occupation, address, and parents' names. For military and former military, you will need their military ID badge as well.
- ☐ Locate birth certificates, marriage certificate, prenuptial/postnuptial agreements, divorce decrees, military discharge papers, and cemetery deed.
- ☐ Is there a safety deposit box? YES NO
Which bank? _____ Which branch location? _____
Who can sign to access? _____ Where is the key? _____
- ☐ Make a list of important websites visited along with the username and password for each site. (See following pages). These digital assets are as important as other physical assets you own, but are much more cumbersome to deal with and/or access after the death of the first spouse.
- ☐ Estimate how much money the surviving spouse will need in the first four weeks following the death of the first spouse. Where are these funds to come from? How will they be accessed? It can take a month to provide the surviving spouse with a new checkbook, convert bank accounts to single name, re-direct pension and/or Social Security payments, etc., depending on the probate process.

Titling your accounts

Account titling determines how assets are transferred.

Individual account in deceased's name

Assets are subject to probate and must pass through an estate account where they can then be distributed to the beneficiary(ies) of the estate.

Individual transfer on death (TOD)

Assets pass to account beneficiaries without probate. In some jurisdictions a contrary provision in a will can override a beneficiary designation, in which case the account would be subject to probate.

Joint tenants with rights of survivorship (AND)

When one owner dies, the other continues to own assets in the account, without probate.

Tenants in common (OR)

At account opening, the owners determine what percentage of assets will be contributed by each. When an owner dies, their percentage is part of the estate and is subject to probate. The other owner continues to own their share of the assets.

Tenants by the entirety

Tenants by the entirety is a special type of joint property ownership that's allowed only between a husband and wife. It's not recognized in all states. Tenants by the entirety automatically have rights of survivorship.

Transferring your assets

Automobile

- ☐ Contact your state motor vehicle agency (local DMV) to re-title the ownership of any automobile owned by the deceased. If you now have an extra vehicle, seek advice on how to sell it or consider gifting it to a family member or charity.
- ☐ Change the name on your automobile insurance if the policy was issued in the name of the deceased. Review your coverage limits with your insurance agent; limits might need to be reduced.

Real estate

- ☐ If you and your spouse own a house with a mortgage, contact the bank or mortgage company.
- ☐ Check to determine whether there is a mortgage insurance loan. If so, the policy may cover future payments. If not, you are responsible.
- ☐ Change the name on your homeowners insurance. Review coverages to determine appropriate new level—it may need to be reduced/increased.
- ☐ Talk to your attorney about registering the mortgage and ownership of the house with local government agencies in your name only.

Life insurance

- ☐ Corporate owned life insurance?
Primary contact _____ Beneficiary _____
- ☐ Personally owned life insurance?
Primary contact _____ Beneficiary _____

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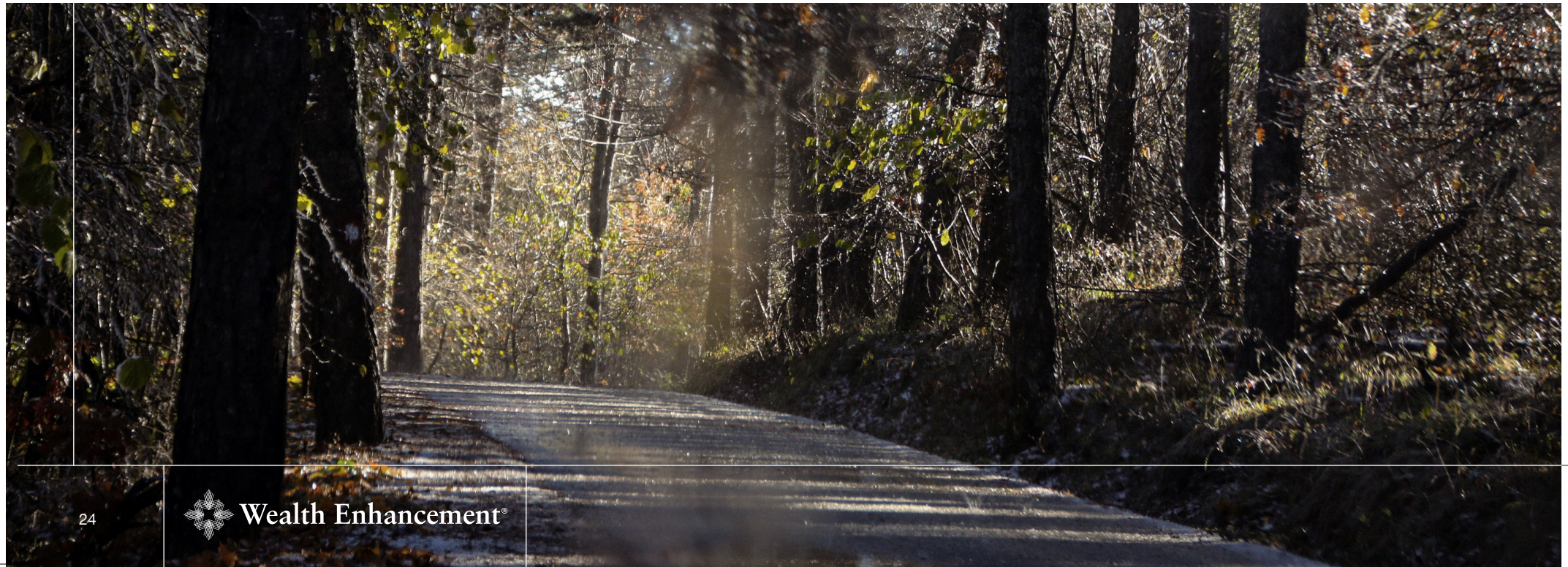
The first three weeks



We all react to the shock of loss in various ways. Whether you are widowed with dependent children, a widower with no dependent children, or a widow with adult children and adult grandchildren, the tasks each must complete are all similar. The following pages provide a framework of critical to-do's for the first three weeks after a loss.

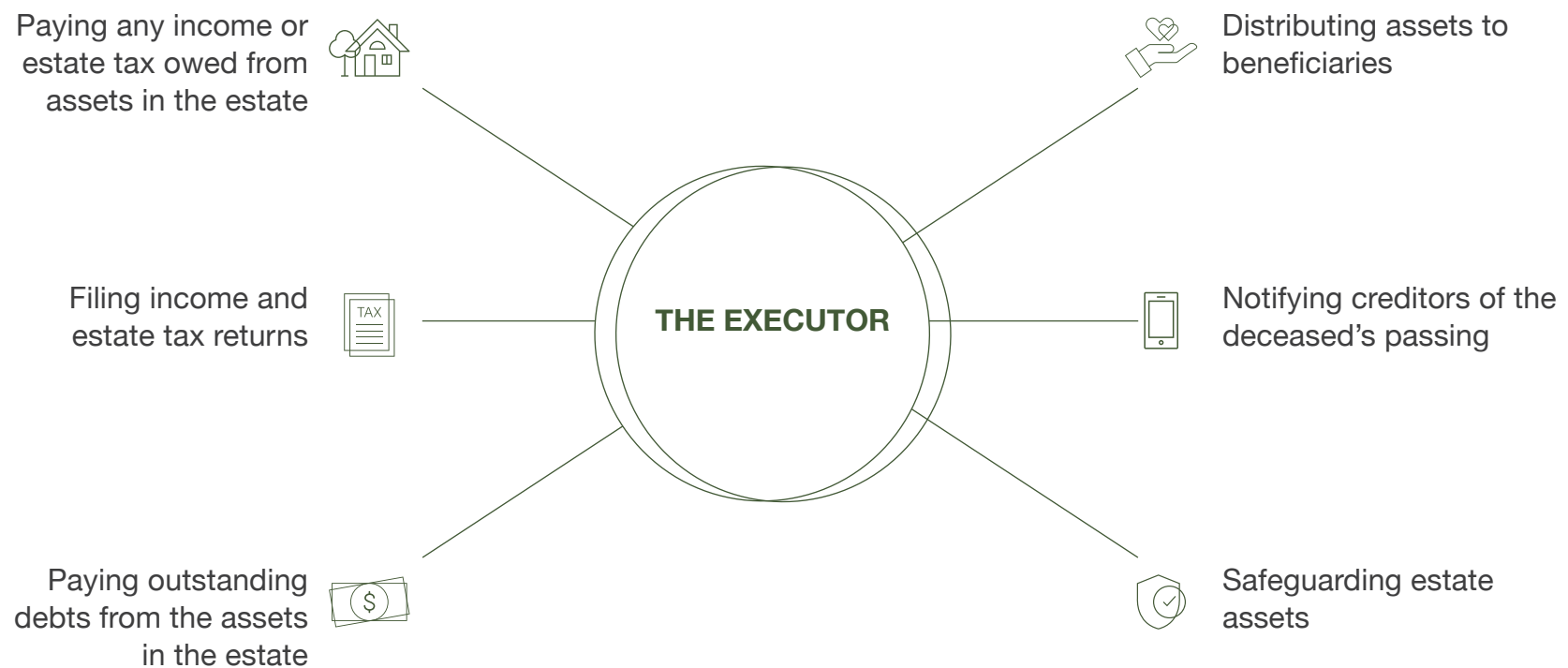
- ☐ Day one – Notify your attorney, CPA, insurance agent, and financial advisor of the death of your spouse. This gets your team working on your behalf.
- ☐ After the funeral – Request 15 certified copies of the death certificate from the funeral director. This may seem like a lot, but most insurance companies and financial institutions require a certified copy before they can process any claims.
- ☐ The executor will need to probate the will and get several copies of the letters testamentary from the probate court (see following page).
- ☐ You may need to open an estate account at a bank, investment firm, or other financial services firm and transfer all assets into that account that do not pass directly to you (via titling of accounts, as beneficiary, etc.). Your executor will use the estate account to pay expenses for the estate. The executor will then distribute any remaining assets to the persons or entities/charities outlined in the will.
- ☐ Re-title bank accounts from joint to single name. Any account in the decedent's name alone will need to be transferred into an estate account and pass through probate. Some ways to avoid this are to (a) add a joint owner, or (b) add a transfer on death beneficiary provision to the account.
- ☐ Cancel any credit cards in the name of the deceased, but not before checking on any rewards points, etc. You could be giving up substantial monetary benefits if you simply cancel the cards without checking on the points.

- ☐ Stop any automated payments in the decedent's name, and also any automatic drafts from the decedent's accounts.
 - ☐ Include a list of accounts/automated payments (see pages 10-12).
- ☐ Contact all insurance companies as soon as possible to file claims and update beneficiaries. This includes annuity contracts, too.
- ☐ Contact the Social Security Administration for survivor benefits.
- ☐ If the decedent was a veteran, assess whether there are any veteran's survivor benefits.
- ☐ Contact the decedent's former employer for potential group life insurance proceeds, pension benefits, or other deferred compensation or benefits.
- ☐ If the decedent was a business owner, ask partners about a buy-sell or other agreement covering disposition of the business.
- ☐ Cancel any unwanted magazine, newspaper, or streaming subscriptions.



WORKING WITH AN EXECUTOR

If your family member had a will, the will needs to be probated to name an executor(trix) to carry out its provisions. Whether you or somebody else has been designated executor in the will, you should be aware of the responsibilities this person must assume, which include the following:



Once you have addressed your immediate concerns and begun to take care of the many short-term tasks involved in settling an estate, it's time to start thinking about your longer-term goals and objectives, such as:

- ☐ Making certain that all the financial documents you recently located are organized and that someone you trust knows where they are.
- ☐ Updating your will, beneficiary forms, and any trust agreements to account for the loss of your spouse. Also, arrange for the guardianship of minor children and their assets should anything happen to you.
- ☐ Making sure that you know who your creditors are and when they must be paid. This includes mortgage payments, utility bills, credit card invoices, and home/car insurance premiums.
- ☐ Understanding whether automatic debits are being made from your checking account and whether you want them to continue.
- ☐ Contacting your spouse's employer if he or she received insurance benefits from work. Find out if you're eligible to continue that coverage and what you must do to continue making payments. Ask about long-term care, dental, vision, and life insurance, as well as health coverage.
- ☐ Thinking about your new life insurance needs, especially if you have children who depend on you. If you have your own insurance coverage, review your policy to make sure you are adequately covered. If you need life insurance, compare the terms and prices of various providers.
- ☐ Reflecting on whether your investment asset allocation still makes sense, given the changes to your situation. Should it be adjusted to reflect your goals, new circumstances, and risk tolerance?



There will inevitably be unforeseen things that arise as you settle the estate of your spouse. Some things will be easier than anticipated and others will be frustrating to deal with and remedy. As you begin putting together your new estate plan and updating your documents, use the good and bad parts of your experience in settling your spouse's estate to amend, simplify, and streamline the process for your executor and heirs.

Strategies and priorities

Your life has changed and with these changes comes the need to examine your priorities and formulate new strategies.

- ☐ What is your current financial situation: your cash flow, expenses, assets, liabilities, and net worth? Do you know how to calculate these?
- ☐ Are you retired or planning to retire in the near future? Do you have sufficient assets to provide adequate cash flow for the rest of your life?
- ☐ What about your children/grandchildren's education? How much have you earmarked for this purpose, and how much will you need to meet projected costs?
- ☐ Does your investment asset allocation still make sense, or should it be adjusted to reflect your specific goals, new circumstances, and risk tolerance?
- ☐ Do you have adequate insurance coverage for yourself and your possessions? You may have too much coverage at this point.
- ☐ Is your estate plan designed in a way that provides for your children and other loved ones in the way you desire? Is it structured to manage taxes and optimize your legacy?
- ☐ Is giving to charity important to you?



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