

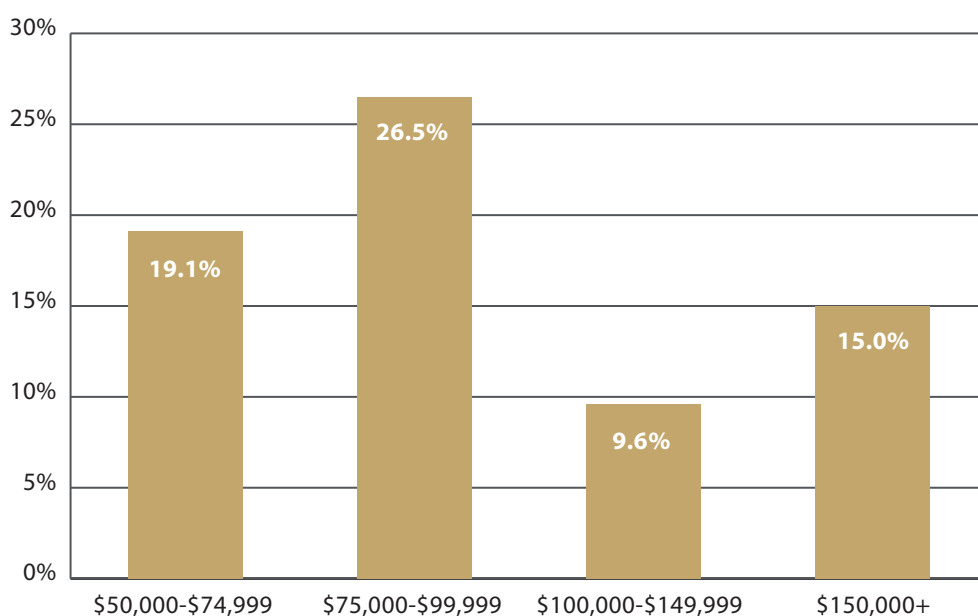
## DEATH: LIKE OTHER FINANCIAL EVENTS, YOU NEED A PLAN

### Overview

According to a June 2016 survey conducted by U.S. Legal Wills, 63 percent of respondents had no will at all, and only half of those over age 65 had a will that was up to date. Wealthier households were no more likely to have a will, and if they did, it was more likely to be out of date.<sup>1</sup>

Death can happen at any time, young or old. Therefore, planning for it shouldn't be something you dread or an acknowledgment that you're getting older. It's accepting the responsibility to ensure loved ones remain financially secure and minimize disruption in their life. There are many components involved, and it can be a highly emotional process, but that's no reason to avoid it.

#### PERCENTAGE OF AMERICANS WITH AN UP-TO-DATE WILL: BY INCOME<sup>2</sup>



Even the most basic financial planning can be impactful in the wake of your death. For example, do your loved ones know where your assets are maintained, and can they easily access the relevant paperwork? It's a good idea to develop a financial fact sheet that provides details about each of your bank accounts, investments, pension or other employer plan, etc.

When someone passes away, just paying the bills can become a chore, worsened by the fact that loved ones are grieving. The last thing you want is for the power to be cut off or long-term care insurance to default because you weren't there to pay the bills. In addition to creating a financial fact sheet that includes online login credentials, store all of your critical documents in a secure location and let your loved ones know where that is. If you use a safe deposit box, make sure your survivors will be allowed access.



Even if you're single with no children, it's important to consider where your assets and possessions will end up. For example, if you pass away without a will, the designation of your assets will be decided by the state. This means your closest friends may not be allowed to enter your home to retrieve keepsakes of you. Also, don't forget to leave instructions about who should care for any pets upon your death, and consider designating that caregiver some portion of your assets to alleviate the financial burden.

Planning is just as important for those who have a large family to consider. If you don't name an executor of your will and let everyone in the family know who's in charge and who gets what, your death could lead to arguments and estrangement.

## A Burden on Loved Ones...

*"Compared to other people, we were pretty well organized. But I was really unprepared for how physically demanding and emotionally exhausting it was."*<sup>3</sup>

— Rosalyn Jones, Bethesda, Maryland widow

## What a Financial Advisor Can Do

One of the first steps you may wish to take is to work with your financial advisor in concert with an estate planning attorney and a tax consultant. This combination of expertise can help ensure your assets transfer to beneficiaries in the most direct and tax-efficient manner. Should you decide to move invested assets to a trust, you may need a financial advisor to manage them once they are transferred out of your estate, and even after your death.

Many financial advisors work with a network of professionals with whom they refer clients for a collaborative estate plan. Furthermore, a financial advisor can work with your surviving spouse or children to manage an inherited windfall.

## Estate Plan

You can't take anything with you. Not cash, jewelry, photos or keepsakes. That's why it's important to write a will to provide instructions on how everything you own should be distributed when you die. While many states assign all assets to a surviving spouse, this is not automatic. In fact, it could result in a grieving widow having to endure the delay and

expense of intestate succession to gain control of assets she thought she already owned.

Depending on your age and level of current assets, another key component of an estate plan is life insurance. Tax-free insurance proceeds can replace income, pay off debt or even cover funeral services. Some life policies can be purchased as a hybrid product that also provides retirement income.

Another detail to consider is completing a “payable on death” (POD) form to give a loved one immediate access to your bank accounts upon your death. This is very simple paperwork that can be completed on the next visit to your local bank branch.

The following are additional components of a comprehensive estate plan:

- A limited power of attorney (POA) grants another person the power to act on your behalf for a specific purpose and for a limited period.
- A general POA assigns another person all powers and rights to act on your behalf, including the ability to sign documents, pay bills and conduct financial transactions.
- A durable POA is specifically for if you become incapacitated and can be for all general purposes or a limited scope.
- A living will, also known as an advance directive, conveys if you want emergency and medical professionals to resuscitate or engage in “heroic efforts” to sustain your life.

Note that it isn’t always automatic that a spouse makes medical and legal/financial decisions on behalf of an incapacitated spouse, so it’s important to have this paperwork in order, especially if you are rushed to a hospital. And finally, when one spouse passes away, the surviving spouse often forgets to name another person as power of attorney, so these documents should be periodically reviewed.

## Funeral Planning

If you have a favorite outfit you’d like to be buried in, let your loved ones know. This is your last act of personal style; otherwise you might be buried in a suit you never liked because the material chafed, and who wants to spend an eternity in that? Be considerate, however, not to choose something a loved one would like to keep as a reminder of you.

This seems like a small detail, but the more thought you put into your funeral arrangements, the more personal and poignant that day will be for your loved ones. Make a record of a favorite hymn or song you would like played or sung by a family member, preferred flowers and/or a psalm or poem, read by a certain person. Decide if you want to be buried or cremated. If the former, go ahead and purchase a plot (perhaps for other family members as well) and choose your coffin, headstone and what you’d like inscribed on it. If you’d like to be cremated, consider if



you'd like your ashes scattered somewhere special — a favorite coastline or a vacation destination you never made it to but would like your spouse to visit once you're gone.

Writing down these details can be a liberating experience; the chance to consider your likes, dislikes and how you want to be remembered. Without this guidance, grieving loved ones must make these decisions on their own during perhaps one of the worst days of their life.

## Final Thoughts

The best time to develop a plan is when you don't need it yet. This is especially important given the knowledge that we could go unexpectedly at any time. Also, it's important to engage in death planning while you're still in good health because the financial and legal complications are onerous once your health has failed.

And remember, every plan, document, account and beneficiary designation should be reviewed periodically to ensure they continue to reflect your wishes. These details tend to get lost in the wake of new marriages, blended families, divorce and death. That's why it's important to work with a financial advisor to help ensure your plan stays on track for the sake of your loved ones.

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<sup>1</sup> Tim Hewson. U.S. Legal Wills. Jun. 16, 2016. "Are there even fewer Americans without Wills?" <https://www.uslegalwills.com/blog/americans-without-wills/>. Accessed Aug. 9, 2017.

<sup>2</sup> Ibid.

<sup>3</sup> Barbara Marquand. NerdWallet.com. Jan. 16, 2017. "How to prepare financially for your death (no matter how young you are)." <https://www.usatoday.com/story/money/personalfinance/retirement/2017/01/16/how-prepare-financially-your-death-no-matter-how-young-you/96473630/>. Accessed Aug. 9, 2017.

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