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Advance Planning Can Alleviate Confusion, Guide Loved Ones

by John A. Corsaro, CPA

The need to “document your life”—that is, your general overall financial and medical well-being and directives—is constant, but may be no more critical than at a time when death, disability, or disaster strike you or the ones you love. It is at this time, when you or your family are faced with the enormous task of sorting through financial information to aid in future planning or estate settlement, that its importance becomes particularly poignant.

The challenges often faced, however, are that key financial information, including bank and investment account information, wills, and personal wishes of the affected, are frequently stored illogically and in disparate locations, making their retrieval and comprehensive understanding difficult at best.

Documentation and knowledge sharing are key parts to the estate planning process. Take, for example, the story of a family stricken with the death of its patriarch. The deceased had largely controlled the family’s finances and trust and estate planning, with full trust from (but no knowledge by) his family. Upon his death, the family’s affairs were thrown into turmoil upon realization that there was no summary of family finances; no clear directive left regarding the deceased’s wishes, nor



guidance given about working with his most trusted advisers; and knowledge of the location of various bank and investment accounts, wills, insurance policies, and a summary of debts owed both to and by him remained questionable. Had he taken the time to lay out that information and share it with a trusted family member or confidante prior to his death, the family’s transition would have been simplified.

Getting the Right Parties Involved and Providing the Right Answers

The documentation process is an opportunity to help you and your accountant, attorney, medical, and other professional advisers answer the many questions that arise upon

death or disability, and make the decisions that must be made swiftly, at life’s most critical moments. Among the points to be raised through this process:

- What are my bank, investment, and other account numbers and passwords?
- Where are important original documents, including insurance policies, stored?
- Who are my most trusted advisers and how can they be reached?
- What are our wishes upon illness and upon death?



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- What debts and obligations should my survivors be aware of?
- If I own my own business, what succession plans have been put in motion?
- If there are minor-aged children, what are my wishes for their future physical care and financial security?

Sitting with a variety of advisers allows for a more holistic view of the documentation process and subsequent collection of all important information. Ask your attorney, is my will up-to-date? Ask your trust and estate attorney, have I considered all of the available tax planning strategies to help ensure that my beneficiaries benefit from my estate as I have envisioned? And ask your spouse or other next-of-kin, have I provided you with the information you need to assume my affairs upon my disability or death? The answers may surprise you and prompt further estate planning and conversations about future directives.

During the organization process, and upon completion, it is critical that this information is not only shared with loved ones as appropriate, but also revisited quarterly and upon major life events—such as marriage, the birth of a child or grandchild, retirement, or the acquisition or sale of a financial asset—to ensure that the information remains as up-to-date as possible.

Because the sharing of this personal information includes, but is not limited to, account numbers, passwords/PINs, and lock combinations, as well as copies of wills, insurance policies, and financial account information, it should be kept in a safe, secure location. This creates the need for a comprehensive catalog of all critical information in a single location. A resource such as J.H. Cohn’s “The Book: A Family Financial Planning and Personal Document Organizer,” can be used to compile this information. Available in both electronic and paper format (which is generally

recommended only in circumstances in which it will be absolutely secure and safe and not at risk of theft or compromise), this tool allows for the organized collection of critical information of highest value to your survivors and beneficiaries.

A 360 Look At Multigenerational Planning

The generational dynamics currently at play in the United States create a further need for comprehensive planning and information sharing. According to non-profit Pew Research Center, more than one of every eight baby boomers (typically defined as those between the ages of 40 and 60) are “simultaneously raising a child and providing some form of financial

assistance to a parent.” This group is commonly known as the “Sandwich Generation.” At the same time, projections from the U.S. Census Bureau indicate that by 2030, the number of Americans 65 or older will double to 71 million, or about 20 percent of the projected population in 2030.

Given these statistics, it is critical that as you plan for your own future and make your own directives clear, you ensure that your parents have done the same. Among the steps to take and questions to ask¹:

1. **Open the door for open cross-generational conversation.** Speak with elders about such things as where they wish to live if they’re no longer to live on their own, what kind of assets, including healthcare coverage they have, and who is to be charged with making medical and legal decisions for them if they

are unable to do so independently. If such plans are not already in place, work with your advisers—or theirs, if trusted advisers are already in place—to help ensure the assets will be there should they be needed. Asking your elders to speak openly and honestly about things that many older generations consider to be taboo topics will serve to benefit all later.

2. **Check your parents’ insurance coverage.** Make sure that your parents have both Medicare and Medigap health coverage as well as prescription coverage. Some people think that having just Medicare is sufficient, but that may not be true. Supplemental Medigap or Medicare

Advantage coverage, plus other care policies, is critical for ensuring that out-of-pocket health care costs are covered, or minimal.

Abundant community services exist, and qualified personal advisers are able to provide guidance regarding such complex issues as Medicare, insurance regulations, and estate planning and tax changes that significantly impact plans that may have already been set in motion. But above all, it is critical to recognize that individual family dynamics and resources will have a significant impact on plans, and should be considered when plans are being made. ■



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