

Questions?

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Checklist

What to do Upon the Death of a Spouse (Also Applicable to Death of a Loved One)

The death of a spouse is a major life inflection point. If not handled properly, the surviving spouse or family members can spend far more than is necessary in expenses, or, worse, end up in a troubling financial situation. Please reach out for guidance if you have any questions. Even if you are not a client, we want you to be on the right path, and will assist in any manner possible.

It is generally advisable to hire a professional to conduct a thorough financial review and build a long-term financial plan upon the death of a spouse.

In general, for the probate process, it might be wise to chat with an attorney to make sure you start the process correctly. All states have different laws. You don't necessarily need an attorney for the probate process, but a consultation might be wise to be sure you get pointed in the right direction.

Checklist

- Locate the Will and/or Trust documents.
- Contact your estate attorney if you have one.
- Take the Will to probate. Probate is the legal process of executing a Will. You do this at a county or city probate court office. If you or your spouse have a Trust, speak with an estate attorney before beginning the probate process.
- Begin collecting and organizing bills which require your attention and payment. Stay on top of paying bills.
- Obtain certified copies of the death certificate. Generally, the funeral director files the death certificate with the county clerk.
- Obtain copies of the birth certificate. In some situations, you might need your deceased spouse's birth certificate. Contact the Vital Records division in the state of birth.

- Notify your spouse’s employer and inquire about any benefits: life insurance, pension plan, 401(k) plan, or other benefits.

- File for Social Security benefits. If you think you may be eligible for survivor benefits, file as soon as possible. Social Security rules can be complicated. If you need assistance, contact the Social Security Administration (“SSA”). If you need guidance beyond the SSA, contact Eads & Heald Wealth Management.

- Identify all life insurance policies and notify all insurance companies. Begin the claims process for life insurance policies. Call the insurance provider or insurance agent. You can usually find contact information on a recent life insurance invoice, or look on the provider’s website for how to begin a claim. Tell the life insurance company that the insured party has passed away and ask how to begin the process of the payout. You are looking for “claim forms” or similar documents.

- This is a good time to review your own life insurance coverages. Make sure you have the coverage amounts needed for remaining family. Make sure your beneficiaries are listed as you desire.

- Check real estate ownership and change ownership titling as needed. In most cases, real estate owned jointly by a husband and wife is automatically transferred to the survivor. You might need to file a certified copy of the death certificate with county authorities in connection with the real estate deed. Check with your county authority to determine the process, or talk to a real estate attorney.

Real estate which is solely in the decedent’s name, or owned jointly by the decedent and a party other than the surviving spouse, may require probate action and the involvement of a real estate attorney.

- Review your current house or real estate mortgage situation. Be prepared to continue making mortgage payments. You will also want to gain an understanding of the following questions and can notate the answers on the lines below.
 1. How many years remain on the mortgage? _____
 2. What is the monthly payment? _____
 3. What is the total remaining amount to be paid? _____
 4. Is it a fixed rate or a floating rate mortgage? _____

- If your deceased spouse was an honorably discharged Veteran or active duty member of the military at the time of death, investigate the various benefits potentially available to you. Examples include retirement pension or healthcare benefits.
- Cancel unwanted or unnecessary subscriptions or memberships that belonged to your spouse. This might include digital subscriptions, cell phones, cable TV, satellite radio in a car, and so on.
- Monitor your spouse's email account, then delete when it is no longer needed. Close social media accounts as desired or have the accounts "memorialized".
- Change bank account titles and ownership as needed (checking, savings, etc.). For joint bank accounts, the surviving spouse can usually continue using the account as normal. However, work with the bank to remove the decedent's name from the account. For any bank accounts that were solely in the name of the decedent, probate action or the assistance of an attorney may be required. Ask the bank for guidance.
- Work on brokerage/investment accounts. For any brokerage accounts which you draw from for regular living expenses or to which you make deposits for saving/investing, get set up for online access and link accounts for money movement.

Before you notify financial institutions of the death of your spouse, it is a good idea to print out copies of all statements. Once you notify the financial institution of the death of your spouse, you could be temporarily cut off from access to statements or other account data if you are not listed as an account owner.

Due to the intricacies involved with handling brokerage accounts after a spouse passes away, we discuss them separately below. We break the discussion down by retirement accounts versus non-retirement accounts. Retirement accounts are usually referred to as IRA accounts, 401(k) accounts, pension plans, profit-sharing plans, and so on; they are tax-sheltered accounts. Any account that is not tax-sheltered is usually referred to as a regular brokerage account or perhaps as a taxable account.

If you are having trouble sorting through accounts or identifying which type of account it is, contact Eads & Heald Wealth Management for guidance.

Retirement Accounts such as IRA's, 401(k), etc.:

- If your spouse named beneficiaries on the retirement account(s):
 - The assets usually avoid probate and can be easily transferred to an IRA account for each listed beneficiary.
 - Contact the brokerage firm where the account is held in order to initiate the process.
 - Surviving spouses can receive the IRA funds into their own existing IRA account, or set up an “Inherited IRA” account. There could be benefits and trade-offs to each approach. You should contact Eads & Heald Wealth Management to determine the best option.
 - Non-spouses will need to create an “Inherited IRA” account.
 - The brokerage firm will likely need a copy of the death certificate, “Letters Testamentary”, and possibly other documentation in order to proceed.
- If no beneficiaries are listed, contact Eads & Heald Wealth Management for further guidance.
- It is generally advisable to keep the inherited assets in an IRA account as long as IRS rules allow. This way, you benefit from the tax-sheltered nature of the account for as long as possible. If you move any of the inherited tax-sheltered assets out of the tax-sheltered account and into a regular, taxable account for spending or other use, you will likely face tax payments and/or IRS penalties. Contact Eads & Heald Wealth Management before making any such decisions.
- For your own IRA accounts, including any newly created Inherited IRA accounts, make sure to list your desired beneficiaries on the account.

Non-Retirement Accounts (Regular Taxable Brokerage Accounts):

- For any such accounts which are in both of your names, simply call the brokerage firm and tell them your spouse passed away. Ask them what their process is for removing the decedent's name from the account. This will be relatively easy and will probably only require a letter authorizing the removal of your spouse's name along with a copy of the death certificate.
- For any such accounts which are in the decedent's name only, call the brokerage firm and ask their guidance on changing the account name. It will probably require probating the account according to the decedent's Will.
- Important: Usually, the securities held in a taxable brokerage account receive a “step up” in cost basis (purchase price). This often provides a huge potential tax savings to the surviving spouse. Be sure that the brokerage firm “steps up” the cost basis during the estate settlement process.

- What is “cost basis” and why is this important? The term "cost basis" is what the IRS considers you to have paid for an asset. When you sell an asset that has appreciated, you owe capital gains taxes on the difference between the cost basis and the value on the date you sell it. However, when someone dies and leaves an asset to an heir, the tax basis resets to the value on the day of death. Generally, that is a good thing because it reduces capital gains taxes when/if you sell the security.

- Determine the status of your annual tax filing(s) with the IRS. Are you current on tax filings? Are any tax filing deadlines approaching? Prepare to file as needed or notify your tax professional.

- Determine the ownership titling of your vehicles. In many cases, cars automatically transfer to the surviving spouse. Contact your motor vehicle authority to determine what needs to be done.

- For your home & auto insurance policies, talk to your insurance agent to find out how to rename accounts, as needed. Policy coverages or other details might be changed in light of your spouse’s death.

- Review credit cards and determine how the credit cards were issued. Make changes as necessary. Be careful on this step. If credit cards were issued based on your deceased spouse’s credit rating and income level, and you are only an “additional card holder”, the death of your spouse could cause changes in available credit among other things.

- If you have children in school (college, for example), review the sources of financial aid or tuition payments. With different financial circumstances, you might qualify for additional aid or new types of aid. Of course, loans have fees and can be very costly; grants and scholarships are free money. Avoid loans unless necessary.

- If you own real estate, determine when property taxes are due. Ensure you have sufficient funds readily available.

- If you have 529 college savings plans, find out who is the account “owner”. Retitle or rename the accounts to your name as instructed by the 529 provider. Review the investments being utilized in the 529 accounts. If you need guidance, contact Eads & Heald Wealth Management.

- Cancel the decedent’s driver’s license.

- Contact the three major credit bureaus. They are Equifax, Experian, and TransUnion. Obtain a copy of your spouse's credit report. Separately, ask them to place a notification in the decedent's credit report file stating, "Deceased, do not issue credit".
- Begin thinking about lifestyle changes or items you might need to sell or want to sell.
- Enlist a financial planner in order to ensure the next chapter of your life is financially trouble-free and well-planned. Establish or update a financial plan. Keep it simple.

Eads & Heald Wealth Management offers free consultations and free general guidance.