

SUCCESSION PLANNING ADVISORS INQUIRY

WELL, HOW UP-TO-DATE IS YOUR OWN ESTATE PLANNING?



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Nah, we won't lecture but we do think you should involve your personal and practice CPA in the process. Enough said.

But, I do want to touch on what I consider a neglected but essential part of estate planning – a letter of instruction.

Although tax planning is extremely important, it is not the nucleus of financial/estate planning (did I really just say that). You should be primarily concerned with the welfare and security of those you care for and how they may be protected by wills, trusts, and other tools of the planning team. But this CPA has noted that no matter how carefully attorneys and other professional advisors plan their own affairs, all too many, if not most, neglect to include another valuable document – the letter of instruction.

One of the most important features of a letter of instruction (I know, some estate planning attorneys like to call it a “letter of intent”) is that it provides details regarding personal preferences in medical or funeral care or details concerning dispersion of personal assets that your ever so artfully crafted legal documents may not be able to outline. The main use of this letter of instruction is simply to lead the person or persons who must settle your estate through the process, step by step and in plain language that he or she can easily understand.

This letter can also outline more personal desires, including such details as where you want to be buried and the kind of funeral you'd like or if you'd like to be cremated. You can use the letter to voice other personal requests that may be inappropriate for a will or trust, such as a general sentiment about how you would like your heirs to use their inherited assets. You could even tell Marty Abo he better not wear the shirt with the super Abo logo on it to your funeral.

Of course, if you feel that your spouse and/or family will not support your wishes and you want your desires to be legally binding, put such wishes in your will, not in a letter of instruction. Again, this is coming from a CPA who loves to bug his individual and business owner clients but it seems to me that the letter of instruction I'm referring to should supplement but it should never contradict the will. The will takes precedence. Although it may have little, if any, legal weight, in many situations, it can at least serve as a valuable guide in settling your affairs and assuring that estate administration proceeds smoothly.

Soooo....what follows are some of Abo and Company's suggestions for your "Letter of Instruction". It's certainly not all inclusive so do forward to us any items you think should be appropriately added.

1. Provide a detailed list of key people, with detailed contact information and instructions to alert them of your death. Consider your employer; executor; attorney; CPA; bankers or financial institutions where you have accounts; stockbroker/investment advisor; life insurance agent; property & casualty insurance agent; your clergy; trust officer; social security office (list your social security number and provide the location of your card).
2. Provide the names and contact information of any estate beneficiaries.
3. Describe the funeral arrangements you have already made or would like your family to make. Include a reminder to request a number of copies of the death certificate since they will be needed to process social security, insurance and other claims. Give the details if you have already reserved and/or paid for a burial plot. If requesting cremation, indicate where you would like your ashes placed or spread. Veterans may consider being buried in national cemeteries.
4. If you have designated yourself an organ or tissue donor, identify the recipient organization and phone number to contact so that the necessary arrangements can be made promptly.
5. Explain your wishes and reasons for or against an autopsy. Identify the nature and location of any anatomical gift declarations you have made.
6. Give the details and location of all your personal documents. Such might include your birth and marriage certificates, divorce papers, real estate deeds, diplomas, burial plot deed, warranties, military papers, citizenship certificates, your will and other estate planning documents; trust documents; buy sell agreements; extraneous writings incorporated in your will; adoption records; alimony/support agreements; durable power of attorney, medical power of attorney, living will and other documents important to you.
7. Prepare an exhaustive listing of friends, relatives, and others who should be contacted upon your death.
8. Detail out any information related to membership in societies, lodges, trade associations, or other such organizations. Many of them offer death benefits for named beneficiaries.
9. Identify where documents related to life insurance may be found, name of insurer(s), policy number(s), face values, loan values, cash surrender values. etc.

10. List user IDs, passwords and account numbers for all of your liquid asset accounts (online accounts for any other asset should be included as well)
11. Provide a listing of any U.S. Savings Bonds (include names, denominations, serial numbers, and where located).
12. Provide any pension plan information, where located as well as beneficiary designation for all IRAs and other retirement plans.
13. Identify the location of personal, gift and business income tax returns, both state and federal, from the past few years.
14. Disclose where bills and records of payment are located.
15. Detail any large gifts that you have given in the past few years
16. List your banking accounts by name of institutions, address of the office where the accounts are located, PIN numbers, passwords, secret questions and type of account (i.e. checking, savings, retirement, investment, etc.)
17. List all stocks, bonds and other securities by their certificate numbers, bond denominations, name of issuers and tell where the securities are located.
18. Provide amounts, account numbers and statements for all of your debts, consumer and car loans, mortgages, and private debts of any kind. Detail any outstanding or recurring bills and identify where bills and records of payment are located or how paid (i.e. mail, email, text, automatic debit).
19. Provide a list of credit cards by issuer and card number, web information and access information. You might also include a reminder to cancel them or get them reissued in the name of your spouse.
20. For insurance list all life, homeowner's, veterans, auto, and medical policies you have and the location of all the documents needed to process the claims. Again, list the name and address of your agent.
21. Tell where registration and other papers may be found for all motor vehicles you own or where any leases for vehicles are located.
22. Consider describing the circumstances under which you want the doctors to pull the plug in simpler terms than can be used in medical powers of attorney. Use this as an opportunity to clarify your wishes and complement a living will.
23. If information is stored electronically, identify the location of the computer, backup, logon passwords, cloud, etc.
24. List any living trusts you have set up and where the relevant documents are located. Similarly, identify any trusts where you are a beneficiary or serve as a trustee.
25. List all debts owed to you, with relevant information of the accounts /notes receivable.

26. List possible sources of survivor benefits not named in your will.
 27. Give the location of the safe deposit box and key and a list of the contents of the box.
 28. Detail out how you want your affairs handled and how you wish your sentimental personal property (heirlooms) distributed. Your will may state that these articles are to be distributed according to the letter.
 29. Any thoughts you have about the future education of your children and/or the care of elderly parents. If self-employed, express thoughts about managing your business/office.
 30. Describe the whereabouts of any and all tangible assets that are not readily accessible.
 31. You can use your letter to send important messages to your survivors. For example, you might include special hopes you have for your grandchildren's education, or the important values you want to pass on. This could be the place you tell them something you never got around to saying. It can be whatever you want it to be.
 32. Comment on the care and placement of any pets
 33. Identify what charities or organizations might be appropriate recipients of memorials or charitable donations made in your memory, especially if they are expected in lieu of flowers.
 34. You may wish to prepare your obituary in advance and be updated periodically and even identify to which newspapers it should be sent.
 35. Besides those financial/business advisors identified previously, describe those persons to be contracted upon your death, noting any particular requests or messages to be given, and listing their current addresses and phone numbers. Such may include friends, relatives, business associates, and colleagues in charitable or civic groups.
 36. Identify current or potential benefits of the Social Security or Veterans Administration.
 37. Identify key employees and business friends to keep business operating until sale. The value of an ongoing business is much greater than a closed one!
 38. Identify location of records for health savings accounts, listing name of account, number and access information.
 39. Passwords and secret questions for email accounts, plus online social media, such as Facebook, LinkedIn, Twitter, Gmail, etc.
 40. Identify any intangible assets such as patents, trademarks and copyrights and indicate when you control them directly or through a trust.
 41. Identify records of accounts for which you serve as the custodian for minors.
 42. Details of frequent flier miles such as airline, frequent flier number and access
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