
Being Prepared

By Greg Beck, MPERS Assistant Executive Director

When I got the idea to write this article, I quickly realized that I do not often “practice what I preach.” In other words, I do not have everything I note in this article written down and organized. I would like to think that I will get it done sooner rather than later. But the issues in this article are important and I hope at least some of our members will read this article, take this advice, get started on creating their lists, and get organized. I also realize that no one likes to think about death, of oneself or a loved one, but you need to be prepared for the worst. Whether you have elderly parents, you are a retiree, or you are still working, it is a good idea to see if you or anyone close to you could benefit from the advice in this article.

When the worst does happen, there are a few simple steps you can take to keep yourself or your loved ones safe from being overwhelmed during the grieving process. When someone passes away, the breakdown in day-to-day operations of a household makes a hard time even harder for those who are left behind. In a time of loneliness and emotional trauma, you have to sit down and sort through insurance policies or brokerage account statements that you have not thought about for 30 years, or someone else is seeing for the first time.

Everyone who is married is dependent on a spouse for certain aspects of day-to-day life. When you die, your knowledge goes with you. And if you are the financial planner in your household, the loved ones you leave behind could spend months piecing it all together. This is also relevant (and potentially more extreme) for those individuals who are unmarried; someone will need to step in and handle your affairs after you are gone.

You should take some time to sit down with your spouse (or parents or adult children if you are single) and lay out a clear road map for your loved ones in regard to household finances. Let's get started.

A Simple List

You should never procrastinate about getting your affairs in order; you never know when disaster can strike. You could save tens of thousands in taxes or lost assets for your heirs by setting things up the right way by working with a trusted advisor or lawyer to help you with estate planning. There are a myriad of investment products, federal tax laws, and state probate laws through which to wade. The process takes time and money, but it is worth it. MPERS cannot help you with estate planning, but we can answer questions about your retirement benefit.

For this article, we are only talking about what you can and should do at no cost and in just a few hours' time. This is only a matter of organizing information.

In the broad spectrum of organization, some of you maintain a clean and well-organized record-keeping system. Others keep a pile of papers in a box at the bottom of a closet or have no documents at all. Most people fall somewhere in between.

Therein lies the problem. If you are not the organized type, shaming you into keeping a perfect paper trail is not going to work. Most people simply do not have the time or they are waiting for a rainy day to do that sort of task. Some people just do not have the skills (or patience) necessary for perfect organization.

But you can give your loved ones a helping hand with just one document. It is not a legal filing or a special form. You may want to simply call it *The List*. It details where your money and accounts are, and it passes on all the information your spouse (or executor of your will) will need. The rest of this article explains what you need to include in *The List*.

Will or other estate plans

If you have set up an estate plan (i.e., will or living trust), you need to include where exactly to find the original copies of those documents. This may be in a safe deposit box, with an attorney, or in a box at the bottom of your closet. Include exact details (what type of document) and contact information (where to find the document).

If you have a trust, your heirs will need a copy of the trust document to make claims. You may want to mail them a copy of that document after you read this article. At the very least, be sure that the person you have named executor or administrator of your estate knows that he/she has been named and has a copy of the document (and any updated versions that might come later).

Insurance policies

Insurance companies are under no obligation to make sure a policyholder is still alive. If your wife, husband, or children do not know that you have a policy, they may never make a claim, and therefore, will never get paid a benefit. Write down the insurance company, the policy number, an insurance agent, the address for submitting claims, and an estimate of what you expect the payout will be.

Take care not to forget about insurance policies offered through your employer. Employees covered by MPERS have basic life insurance coverage equal to one times the annual salary. The premiums are paid by the employer. Employees can also pay for optional life insurance. Be sure to include these policies and a contact number for any life insurance programs offered by your employer. As a retired member of MPERS, your survivor may also be eligible for a death benefit of \$5,000 upon your death.

Real estate and other assets

Your spouse or children know whether or not you own your home or maybe a vacation property, but do they know about all of your “stuff”? For instance, have you purchased a burial plot? Have you prepaid your funeral expenses? Do you still make payments on your car? Or did you take out a home equity loan to add onto your existing house? Do you have an interest in any partnerships or other businesses?

Take stock of all the hard assets you have and any loans that might be attached to those assets. Include specific contact information. For those assets that require proof of ownership – like titles or deeds for real and personal property – detail where those documents are stored.

A single missed mortgage or property-tax payment will cause a lot of problems. Save your spouse or children the chore of sorting through past-due notices to figure out what is owed.

Retirement brokerage accounts and pensions

If you are keeping your investments sheltered from taxes, you will have a retirement account or two, perhaps with different brokerage firms. You may have some old 401(k)s or similar accounts that you have not rolled over or combined into one or two tax advantaged accounts. I have several retirement accounts that could be moved over to my State of Missouri Deferred Compensation Plan account. This is another good example of me not practicing what I preach. Maybe I will consolidate them soon and write another article on the benefits and ease (hopefully) of doing so.

In a worst-case scenario, after an account goes untouched for five years and your broker can not contact you, they can apply for an "escheatment," in which they claim and liquidate the assets. Your heirs still have a chance to claim them (without any subsequent growth), but it is a headache they would prefer to avoid.

Make a list of your brokerage and retirement account numbers, approximate balances as of the date you create the list, the account type, and contact information (i.e., phone number and website address).

Checking and savings accounts

Make sure to document every cash account you hold so no money gets lost, including checking, savings, and money market accounts.

Important documents

Where have you stored important documents like birth certificates, marriage certificates, titles to vehicles, deeds to property, mortgage documents, and other legal documents? Whether they are in your own safe or a safety deposit box at the bank, write down where these are located. They will be needed in the immediate aftermath of your passing.

I am from Miller County and I often proclaim to “fix” things here at MPERS using a “Miller County fix.” The Miller County fix for not **yet** having either a safe or renting a safety deposit box at your bank is to put your important documents in a big zip lock bag (maybe two bags) and put them in your freezer. The last thing to burn in your house will be the frozen food. For the record, I am not advocating this as a permanent solution.

Side note – is your spouse listed on each of your vehicle titles? If not, you need to take a trip to the motor vehicle licensing office in your town or county and add your spouse to the titles. This is commonly called “title on death or TOD”

Your bills

Do a quick accounting of any and all bills you (or anyone) regularly pay. If you miss payments on a storage unit, the contents can be claimed and auctioned. Missing utility payments can result in shutoffs and expensive reconnection fees (and a thawed freezer that might be holding your valuable documents).

Your loved ones may miss mailed or emailed notices, so help them keep track of everything. You should also include a list of your online accounts (including email) with the up-to-date user IDs and passwords. But keep that list safe and secure.

Final thoughts

Once you have compiled your *List*, check each account listed and make sure the beneficiaries for each are up to date. If you prefer, consider adding the names of your family members to the accounts so they can access them and easily talk to representatives when the time comes. But be cautious when doing this, that the person/people you add to your accounts are people you implicitly trust. Direct legal access to your finances can be a risky business without due caution.

You might be thinking by now that all of this is pretty obvious; *of course* it will be easier for your loved ones if you have written all of this down for them. Still I am willing to bet that many of you have yet to do it. Please make your *List* today. It may just take 30 minutes to get started, but getting started, as we all know, is the hardest part.
