

# Before-the-Fact: Getting Ready

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During the Memorial Service in the 2022 FCOC Convention, Lorraine Holland and Tony Clark did an admirable job reading the names of the 130 or so members and spouses who passed on during 2021.

The problem, of course, is that those 130 families did more than simply lose a loved one. Besides the emotional loss suffered by those families, somebody was forced to settle the deceased person's affairs.

Being the guy in the family who unfortunately does paperwork well, I've been tagged with settling the affairs of two parents, one aunt, one grandparent, and two in-laws. As a Merrill Lynch financial advisor, I was intimately involved with settling dozens of estates over the years.

The following are some tips to make it easier. Notice that I did not say "easy." Under the best of circumstances, it's painful. More importantly, these are tips that you do now, *before* somebody else is doing them for you. Here goes:

Have a current **Will** (officially known as a "Last Will and Testament."). Amazingly, about half the people in America do not have a will. I am confident that most military people have Wills. As a young captain joining my first squadron, I was grounded until I gave a copy of my Will to the XO. The problem, of course, is that that was forty years ago and a lot of stuff has changed since then. So... make sure your Will is current, that is, it's written for the state in which you live, and the people you mentioned in it are the ones you want to be in it.

Do not store your will or important documents in your **bank safe deposit box** unless one of your children has access to the box. The bank will seal your box when they find out that you have passed on. If one of your children is the executor (or "personal representative" in Florida), have that person store your Will in *their* safe deposit box. Include some copies of your DD-214.

**Consolidate your financial accounts.** If you have accumulated multiple accounts in multiple financial institutions, close out all the small ones into one or two big ones. Each financial institution has their own paperwork requirements when a customer passes on. I got to do the paperwork at *all* of the major banks, and several small ones. This... was really annoying.

Check and make current the **beneficiaries** of all life insurance policies and retirement accounts. It's a real shocker when the beneficiary of a life insurance policy is the *ex-spouse*...

Corollary: If you signed up for the **Survivors Benefit Plan**, make sure that the beneficiary is correct here, too.

If you are married, make sure your taxable accounts are titled **joint**. *Joint Account With Right of Survivorship* means that if one person passes on, everything in the account goes to the survivor. "*Tenants in common*" means that when one owner passes on, that owner's share goes to that owner's *estate*, and *not* the other owner. Spouses should be JTWROS.

If you have a **joint account** and the other person is **deceased**, remove that person's name from joint accounts. A good example is your electric bill. If one spouse passes on, as long as the other continues paying the bill, the electricity stays on. The problem occurs when the second spouse passes on. Shutting the account down then could be challenging, and should there be a refund, it will be made payable to *both* spouses.

Make sure that your **real estate** is properly titled. If you are married, it should be titled jointly. If you have written a trust, your property should be titled as such. Talk to your attorney about this.

If you own **real estate in another state**, consider disposing of it. Real estate is somewhat complicated to handle in an estate. It's even harder when it's in another state.

Joint ownership with **children** is *usually* a bad idea. Talk to your accountant about "cost basis" and you'll probably find out that it's bad for tax purposes. Also... I had a client couple who added their daughter to all of their assets to "avoid probate." That was fine until the daughter got divorced and all of the parent's assets were part of the divorce proceeding.

Make sure there is some **immediate cash** available. It takes a few weeks for estate accounts to be opened and funeral people want to be paid *now*. And credit cards will be shut off when the primary account holder passes on. One responsible child can pay the bills and be reimbursed by the estate, but this could tie up ten or twenty thousand dollars until the estate is up and running.

Speaking of **credit cards**, make sure that each spouse has at least one credit card where each spouse has top billing. Banks will immediately close a credit card *without notice* when the primary account holder passes on. I had a client

standing at the cash register in a Publix with a pile of groceries two days after her husband died. Her credit card did not work and she was unable to make the purchase. Talk about embarrassing...

**Get rid of paper.** Most people keep *way too much* paper. Virtually all routine vendors (phone companies, utilities, credit cards and things like this) do electronic billing. Set up auto-pay and the paper goes away. Even better, set it up so that your bank sends them the payment. If you have old records, *shred* everything. Most UPS Stores will shred for a couple dollars per pound. (My father-in-law, an accountant, had saved every bill for *fifty* years!).

**Shred old tax forms.** My accountant says we should keep our documents for five years. I shred them after three. The IRS looks at your tax paperwork about eighteen months after they receive it. If there's a problem, they'll let you know then. If you ever need any old records, you can get them from your bank. If you use an accountant, the accountant has a copy of your stuff, too. Any time a client received an inquiry from the IRS, the first thing they did was call and ask for copies of the pertinent statements.

**Get rid of stuff.** We all accumulate a *ton* of stuff. And some more than others. I've read Marie Kondo's book for which she earned *millions*. It's based on a simple concept: If something does not "spark joy," give it to somebody for whom it will spark joy. Another book, which might make even more sense, is any of the series of books on "Swedish death cleaning." The concept in these books is that you spend a lifetime accumulating things. When the time comes to settle your affairs, you want your loved one's memories of you to be of good things and not that of cleaning up and disposing of *stuff*. Realistically, few children want much of their parents' stuff.

**Sentimental items.** These are a little more complicated. Keep in mind that it could be months before anyone even looks at your Will. Make up a list of *special* items and decide who gets what. Write a letter and update it frequently. Make sure it's easily found. It's better that your kids are mad at *you* than each other. A client's parents passed on. She had three sisters. Before the *burial*, the sisters were already battling over the family *heirlooms*, none of which had any financial value. Years later, one of the sisters still refused to connect with the other three.

**Special hobbies.** If you have a special hobby that includes lots of expensive, complicated equipment, of which other family members would have difficulty disposing, arrange to do it yourself. A good example is Ham radio gear. You might have an Expert radio license and tens of thousands of dollars worth of equipment, but if your iPhone-challenged spouse has to get rid of it, he or she might not even know where to start. If nothing else, get rid of unused gear and

keep just the gear that you use regularly. If you struggle to dispose of an old, obsolete piece of equipment, you can assume that your family will just send it to the dump. If you have an extensive collection of guns, figure out a plan for them, too. A Marine, with whom I served, died suddenly and unexpectedly. He happened to have a pretty extensive collection of guns. None of his daughters wanted any of them and his wife had a very hard time getting rid of them.

**Passwords:** Financial institutions will shut down your access as soon as they know you're gone. That's a good idea. Make sure that your spouse has an active password to joint accounts *and* he or she knows how to use it. This also applies to utility companies. But what about social media? Your Facebook account will stay active *forever* unless someone shuts it down. Try calling Facebook to close an account. It can't be done.

**Worst Case Scenario.** I've got a loose leaf binder prominently labeled and located on a shelf over my desk. On the outside on both sides and the spine, it says "Worst Case Scenario." Inside are all of the documents that my wife and/or sons will need immediately should I kick the bucket unexpectedly. Occasionally, I update the information inside, and once or twice a year, I point it out to my wife and my sons. You... should have one, too.

When my grandmother was alive, banks offered gifts such as toasters for opening an account. I spent *hours* in multiple banks doing paperwork to close *thousand dollar* accounts. This represented just a small fraction of her net worth but took just as long as handling the big accounts.

I guess that I should really not complain too much. I did get some nice *toasters...*

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