

ALWAYS
YOUR TRUSTED
PARTNER

Thoughtfully Preparing Your Estate

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THOUGHTFULLY PREPARING YOUR ESTATE

It's a common misconception that having a will, trust, and supporting documents means you have adequately planned for the transfer of your property at your death. True, you do have a plan. However, keeping it updated, organized, and complete are of great importance as well.

This 10-step list is designed for individuals who want to be proactive about planning as well as leave behind a legacy of more than material wealth. It outlines key estate and wealth management activities that can save your executor valuable time and money. It can also make settling your estate easier for your family by alleviating concerns about financing and carrying out your desires.

Following these steps can be one of the best gifts you give to yourself and your loved ones. You might not think you have the time to take all ten steps, but making the time to do so will be well worth it in the long run.

DID YOU KNOW?

63%

of households with a net worth of over \$3 million don't talk about finances. (U.S. Trust Wealth and Worth Survey 2017)

70%

of wealthy families lose their wealth by the next generation. (The Williams Group, Preparing Heirs)

10M

caregivers aged 50+ who care for their parents lose an estimated \$3 trillion in wages, pensions, retirement funds and benefits. (Boston Consulting Group US Caregivers Survey 2015; updated 2020)



STEP 1

Execute a will or trust to include beneficiaries of assets and guardians for minor children.

THE ROLE OF EXECUTOR

In that document, you appoint an executor, or in some states called a personal representative, who is responsible for managing your estate to its conclusion. The executor's job is to ensure your wishes are carried out, taxes and debts are paid, and the remainder of property distributed to your heirs.

WHAT TO INCLUDE IN YOUR WILL

Some key issues that should be addressed include:

- If it is your wish, you should ensure your spouse or partner receives all your possessions, especially if there were previous marriages and children. Also, make sure you specify alternate beneficiaries if you wish assets to be passed to someone other than your spouse or partner.
- Appoint a legal guardian for any minor children (under age 18). If you do not do this, the state will decide who will become the guardian.
- Appoint a person to handle assets on behalf of minors.
- Set up a way for children to inherit assets and conserve proceeds.
- Specifically identify relatives or others you do not wish to inherit any of your assets.
- Clearly state any specific bequests such as heirlooms, artwork, or personal effects.

A WILL, WHICH IS SHORT FOR LAST WILL AND TESTAMENT, IS A LEGAL DOCUMENT SPECIFYING WHO IS TO RECEIVE YOUR PROPERTY WHEN YOU DIE.



WHAT IF SOMEONE DIES WITHOUT A WILL?

If a person dies without a will, the state's laws of "intestate" will govern how property is distributed. These laws generally direct property to a spouse (or in some states a domestic partner) and children. Then relatives like parents, siblings, and grandparents are next in line to inherit property. If no relatives exist, the state receives the property.

DO YOU ALWAYS NEED AN ATTORNEY TO WRITE A WILL?

For smaller estates, it may not be necessary to have a will. There is no requirement that a will be drawn up by an attorney. However, hiring one to create a basic will can be very affordable and is highly recommended.

It is possible to settle a smaller estate simply by titling assets in such a way to avoid probate and courts, but we suggest seeking guidance for this as well. This can be the best approach for smaller estates because some states don't recognize handwritten wills.

Important Tips

Avoid naming under-age beneficiaries. Also avoid appointing a minor as a joint owner or beneficiary of any account. They might not be ready to handle money responsibly, and proceeds could be forced into restricted investment options by the courts.

If using an attorney, ask if a provision is needed to waive the bond premium designed to protect disinterested parties against possible negligence, fraud or embezzlement.

Determine if you need to include a corporate trustee in your will to handle issues—such as income, tax and estate law—that might be too complicated for your executor. A corporate trustee can ensure your wishes are carried out in the most efficient manner and will also be up to date on laws or other economic conditions that could affect the settlement of your estate.

If you have a large, complex estate or own a business, consider a corporate fiduciary along with, or in replacement of, a corporate trustee. These individuals provide investment management services, wealth planning strategies in conjunction with the family's tax and legal advisors, and specialized planning with business or real estate.

We suggest a review of your estate documents every five years.

STEP 2

Execute supporting documents to your will to delegate making key financial and health decisions on your behalf if you are unable to do so.

Your will should also include preparation for the possibility you become incapacitated or are unable to reliably act in certain circumstances. Executing these three additional documents will address accessing cash and making key medical and end-of-life decisions.

HEALTHCARE PROXY

A healthcare proxy appoints someone to make medical decisions if you are unable to make them yourself. Without this document, your doctor may be required to provide certain treatments or may not be able to consult with other physicians treating you.

LIVING WILL

A living will states your wishes regarding end of life care and addresses such issues as life support and resuscitation. You can complete a living will using a template available from many medical providers or have a more detailed document drawn up by an attorney.

POWER OF ATTORNEY

A durable power of attorney allows you to appoint someone who can access accounts while you are still alive even though they are not a joint holder on the accounts. This person will be able to make financial decisions if you are unable to make them, such as accessing funds for medical treatments. Individuals with large balances in their IRA or 401k accounts need a power of attorney. These accounts only have one individual as owner, and only the owner can access account funds. Executing a power of attorney would give a trusted individual the ability to access these funds on your behalf if you are unable.



STEP 3

Make a plan to access additional income for your care and communicate it to your family.

**MANY FAMILY MEMBERS
—ADULT CHILDREN IN
PARTICULAR—ARE OFTEN
CONCERNED THEY WILL
HAVE TO FINANCIALLY
PROVIDE FOR THEIR
PARENTS' CARE AS THEY
REACH OLD AGE.**

In addition to drawing up your will, it's important to work with your insurance agent and wealth manager to set aside assets or insurance proceeds to provide for long-term medical and residential care. It's equally important to have a detailed written plan for who can access these assets and under what conditions. While many times there is a plan, it often doesn't include enough details about which accounts should be used first, the tax ramifications of using the funds and the order of next spending arrangements, if necessary.

To alleviate stress and open communication channels, discuss this plan with your children or other individuals who will be responsible for accessing the funds according to your wishes.

STEP 4

Make a plan to run your household whether you take an extended trip or are incapacitated.

**GOOD PLANNING INCLUDES
MAKING ARRANGEMENTS
FOR YOUR HOME AND
PROPERTY TO BE MANAGED
AND MAINTAINED IF YOU
ARE UNAVAILABLE TO DO
SO YOURSELF—WHETHER
YOU'RE ON AN EXTENDED
TRIP OR INCAPACITATED.**

This includes compiling a list and schedule of bills—including taxes—that must be paid. Also, make sure to provide a list of names and phone numbers of individuals or companies who provide services to your home, such as lawn service, security service, and other professionals.

Again, it can be a good idea to give a trusted individual power of attorney so they can access accounts to pay for household expenses. This can also be useful to help prevent financial fraud as the trusted individual could watch over your accounts while you are unavailable and keep an eye out for irregularities.

STEP 5

Tell your executor where your will is and how to access it.

There are countless stories of children tearing the house apart looking for their parent's will. To alleviate this unnecessary stress, you might want to give a copy to your executor or at least let them know where the document is. If the will is in a safe deposit box, inform your executor what they will need—identification, code, key—to access the box.

You may also want to have your attorney and wealth manager keep copies of the document as they will be involved in the settlement process. If possible, have your executor or family members meet with these advisors at some point as well.

STEP 6

Make a letter of instruction with your first words to your executor and/or family.

A letter of instruction is becoming more common since handling estates has become more complicated. It's wise to keep this document in an accessible place so it can be updated easily. Telling your executor the letter exists and where it's located may sound basic, but often in emotional moments, your simple instructions on items which may need quick decisions are really a gift.

Consider including instructions and wishes about the following in this letter:

- Location of the will and other important documents
- Funeral arrangements and obituary
- Organ donation
- Disposition of personal effects
- Where important papers are located

You could also include the names and contact information of people who need to be contacted. These may include:

- Family and friends
- Financial advisor or banker
- Attorney and accountant
- Insurance agent
- Business associates and other individuals whose assistance may prove helpful
- Others the family may want to turn to for trusted guidance

STEP 7

Create your financial information inventory.

(SEPARATED INTO PROBATE AND NON-PROBATE ASSETS, TO ACCOMPANY YOUR WILL AND OTHER PAPERS)

The more information you provide your executor, the easier their job will be. This is one of the most important steps you can take in pre-planning after executing a will and supporting documents. Because this inventory should be comprehensive, it could be difficult to keep it up to date. However, your best effort to do so will be greatly appreciated by all involved in settling your estate. Here are some guidelines for creating a comprehensive inventory. Try to provide as much information about each item as possible, such as type, location, institution, account number, and more.

- Bank accounts and loans
- Savings bonds
- Investment accounts or individual stock certificates
- Company retirement/pension/profit sharing account
- Life, long-term care, and disability insurance
- Home, auto, liability and/or other property and casualty insurance
- Motor vehicle descriptions and location of titles
- Real estate descriptions, deeds, and mortgage information
- Jewelry, art, or collectibles—listing and appraisals if possible

<p>PROBATE PROPERTY MUST BE HANDLED BY EXECUTOR GOVERNED BY THE WILL</p>	<p>NON-PROBATE PROPERTY CAN BE HANDLED BY ANYONE GOVERNED BY ASSET TITLE OR BENEFICIARY</p>
<p>Individual accounts (one name on asset).</p> <p>Often assets start off in a joint name or with a beneficiary designation. When one individual passes away, the property ultimately is deemed individual property and may get pulled into probate upon the death of the last surviving person.</p>	<p>Joint WROS (with right of survivorship) Joint TIC (tenants in common)</p> <p>IRAs, employer pre-tax retirement accounts, and Roth IRAs if beneficiary is a person or a trust</p> <p>If beneficiary is the estate, if no designation is made, or if beneficiary is deceased, it becomes probate property</p> <p>Annuities are treated the same as IRA</p> <p>TOD/POD (transfer on death or payable on death) accounts</p> <p>Life insurance proceeds are treated the same as IRA</p> <p>Living Trust accounts. Since the subject of trusts is complex, seek advice of your wealth advisor and attorney in these situations to clarify options</p>
<p>529 accounts with no successor participant</p>	<p>529 accounts with a successor participant</p>



STEP 8

Confirm estate proceeds will be settled and distributed according to your wishes and make adjustments regarding asset titles or community property rights.

CONFIRMATION IS IMPORTANT BECAUSE THERE'S A LEGAL PROCESS FOR HOW ASSETS ARE DISTRIBUTED WHICH MIGHT RESULT IN UNWANTED CHANGES TO HOW YOUR ESTATE IS SETTLED. BY CONFIRMING, YOU CAN HELP ENSURE YOUR WISHES ARE CARRIED OUT.

NON-PROBATE PROPERTY

Non-probate property is distributed first and is not subject to the will. This is why properly listing it in the comprehensive inventory is so important. We recommend reviewing non-probate property assets regularly to be sure the names associated with those assets are current. Titling assets in joint name, using a transfer or payable on death designation, or adding a beneficiary simplifies the process because these instructions get processed first. This includes life insurance proceeds as they are paid directly to the beneficiary listed on the policy.

Non-probate assets are settled first because they are not subject to claims of creditors, and estate expenses are not deducted from them. The executor is not legally bound to get involved in the transfer of these assets but may wish to help depending on the situation.

PROBATE ASSETS

All remaining assets are probate assets. The executor will be given authority to distribute these assets according to the terms of the will.

COMMUNITY PROPERTY STATE

If you live in a community property state and are married at the time of death, additional rules apply and must be examined to determine who owns the property, you or your surviving spouse. We recommend consulting an attorney in such cases since state laws vary, and probate law is more complex.

STEP 9

Evaluate minimizing estate costs, especially if you may be subject to probate in multiple states or if your state permits percentage fees to executors.

EXECUTOR'S FEE

Executors are entitled to “reasonable compensation” but can waive it. Some states allow this to be a percentage of assets, which can result in a significant fee. Whether you want to specifically compensate your executor due to an excessive amount of responsibility or reduce this fee because there is a limited amount of work required, your attorney can help you include your wishes in the will.

MULTI-STATE PROBATE

If you own property outside your primary state of residence, probate may be needed in those states to transfer the assets. This could result in significant work and cost for your executor. However, you could re-title or gift property in those states to avoid these excessive costs. Your attorney, wealth manager, or CPA can advise you about how to avoid multi-state probate if possible.

STEP 10

Complete an ethical will as a final “gift” of hopes and dreams for your family.

An ethical will is a non-legal document used to communicate your personal story and memories. Ethical wills are from an old Jewish oral tradition of the family patriarch passing on life lessons to the sons to create a legacy of cultural history and spiritual values.

Today, an ethical will can accompany your other estate planning documents to pass on your personal guiding principles, memories, spiritual values, and wishes for your family's future. They also may be a tool to distribute personal property with little financial values but with high sentimental value like family photos, recipes, clothing items, and other heirlooms.



ABOUT THE AUTHOR

Shari Burnum, CFP®, founder and president of Investor's Resource located in Madison, Alabama, is an independent wealth manager with over 30 years of experience working with individuals, families and investors who have complex needs. She draws insights from her experience in wealth management as well as extensive research and good old-fashioned street smarts. You can reach Shari by email at shari@invresource.com.

WHY WE WROTE THIS E-BOOK

Unfortunately, too many families don't talk about money. This often results in the loss of time and money as family members try to figure out how to care for loved ones and settle estates after death. Much of this can be avoided with more complete planning and better communication.

The steps and information contained in this booklet are part of our VisionMapping program. This is a proprietary process Investor's Resource developed to help individuals and families who want to preserve their wealth and leave a legacy beyond their monetary assets. It creates a comprehensive life plan, involves a deeper level of planning and goal setting and is designed to help you leverage your assets to create a richer, more rewarding life and legacy.





YOUR TRUSTED PARTNER FOR LIFE

Life isn't all about money. This sentiment might sound odd coming from a team of financial advisors, yet it is a foundational belief that leads us to deliver a different level of services to our clients.

Experience has taught us success comes when you are able to pursue your true passions, seek fulfillment, and share your vision with those you love. Over the years, we have also learned just how much money can shape life experiences and change how your story plays out.

We believe holistic financial planning is an integral part of preparing for and living your best possible life. It's purposeful planning that can give you confidence, peace of mind, and the freedom to pursue what brings you joy.

This is what makes us different at Investor's Resource. We're not about selling products and sending you reports. And we

don't see life in terms of dollars and cents. We are about giving you the solutions, advice, and creative guidance you need to live confidently to and through retirement.

We want to provide solutions and services that give you the ability to answer life's greatest questions. Because answering questions like "What's next?" and "Why not?" builds a more enriching story.

We believe this commitment to your entire life—not just your retirement—is what sets us apart. It's what makes us different, better, and not just a financial advisor. It makes us a lifelong partner.



OUR CORE VALUES

We can say we're better than other firms and get results for our clients all day long. What really sets us apart—and makes us who we are—is what we believe. These beliefs drive everything we do, every single day.

TRUST

Perhaps nothing is more important to an advisor-client relationship than trust. But we know trust isn't something you give away easily. Trust is earned, and our people know exactly how to earn it: by working harder and smarter to get you results. Tireless effort goes into keeping our finger on the pulse of what's important to you and helping you achieve it. We are completely committed to a trusted partnership to help you live a fulfilling, rewarding life.

OBJECTIVITY

Objectivity is a value we've held since day one because it gives us the ability to do what's best for you—to search high

and low to find the resources to help you achieve your goals. It means we don't have preferences or relationships that affect our judgment. We've actually taken this objectivity and independence to the next level, becoming personal fiduciaries aligned with a registered investment advisor firm.

INTEGRITY

Building a lasting relationship with you is of utmost importance to us. Because we're so invested in you, your story, and your legacy, we want to see it through. To see our work help you live the life you want. But lasting relationships are built on integrity. Sincerity. Transparency. Honesty. Respect. You can rest assured if you work with us for five years or fifty, we will always do the right thing. Without exception.

LET US HELP YOU BUILD A RICHER LIFE.

Only an experienced team dedicated to looking at all the dimensions of your life can provide an added level of guidance needed to build a richer life. Only a business committed to best-in-class resources in a constantly changing world can serve as a true trusted partner. Our business and its people are passionate about you, your vision, your life and your legacy—and how money can further those to and through retirement. The possibilities within your life story mean everything to us.

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