

Estate planning when time is short

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The novel coronavirus (COVID-19) pandemic has caused some people to contemplate their own mortality or that of a family member. For those whose life expectancies are short — because of COVID-19 or for other reasons — estate planning can be difficult. But while money matters may be the last thing you want to think about when time is limited, a little planning can offer you and your family financial peace of mind.

Action steps to take

Here are some (but by no means all) of the steps you should take if you have a short life expectancy. These steps are also helpful if a loved one has been told that time is limited.

Gather documents. Review all estate planning documents, including your:

- Will;
- Revocable or “living” trust;
- Other trusts;
- General power of attorney; and
- Advance medical directive, such as a “living will” or health care power of attorney.

Make sure these documents are up-to-date and continue to meet your estate planning objectives. Modify them as appropriate.

Take inventory. Catalog all your assets and liabilities, estimate their value, and determine how assets are titled to ensure that they’ll pass to their intended recipients. For example, do you own assets jointly with your ex-spouse? If so, title will pass to your ex-spouse on your death. There may be steps you can take to separate your interest in the property and dispose of it as you see fit.

If you have a safe deposit box, make sure someone is authorized to open it. If you have a personal safe, be sure that someone you trust knows its location and combination.

Review beneficiary designations. Take another look at beneficiary designations in your IRAs, pension plans, 401(k) plans and other retirement accounts, insurance policies, annuities, deferred compensation plans and other assets. Make sure a beneficiary is named and that the designation continues to meet your wishes. For example, a divorced individual may find that an ex-spouse is still named as beneficiary of a life insurance policy.

Review digital assets. Ensure that your family or representatives will have access to digital assets, such as email accounts, online bank and brokerage accounts, online photo galleries, digital music and book collections, social media accounts, websites, domain names, and cloud-based documents. You can do this by creating a list of usernames and passwords or by making arrangements with the custodians of these assets to provide access to your authorized representatives.

Gaining peace of mind

Although facing your own mortality can be difficult, great peace of mind can come from ensuring that your estate plan fulfills your wishes and minimizes the tax burden on your family. Please contact us with any questions regarding your estate plan.

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