

Getting Organized for Heirs

Even if you have a formal estate plan, organizing your personal paperwork and informing heirs of basic decisions will make it easier for heirs to handle your estate after your death.

Without an organized approach, your preferences for funeral arrangements may not be followed, friends or family may not be notified of your death, or items with sentimental value may not be properly passed on. Without organized financial records, your heirs may not locate all assets, with the possibility that stocks, bonds, bank accounts, real estate, or insurance policy benefits may go unclaimed.

One way to approach this task in a systematic manner is to prepare a personal letter of instruction, covering the following topics:

- **Your assets and rationale for distribution.** This is a good place to explain why you distributed your estate in the manner you did. You can go into specific detail, informing heirs how each asset will be distributed, or you can give a general overview of your estate plan. If you selected one heir as executor or trustee, explain why you chose that individual. List all assets and where important documents concerning those assets are located. Prepare a list of all checking and savings accounts, including the bank name, account numbers, and individuals on the account. Detail all insurance policies, including policy numbers, effective dates, levels of coverage, and policy location. Also list all outstanding debts.
- **Individuals to contact.** List names, addresses, and telephone numbers of individuals your heirs may need to contact, including employers, attorneys, accountants, insurance agents, investment managers, and financial planners.
- **Personal papers.** Indicate where personal records are kept, including your birth certificate, marriage certificate, divorce or separation agreements, diplomas, military records, and naturalization records.

Broaching a Tough Subject With Parents

Estate planning can be a difficult subject to broach with your parents. You don't want to seem concerned about how much money they may eventually leave you, while they may fear you are interfering in their finances. But to help ensure that their estate is settled quickly according to their wishes, family members should have some basic information. You don't need to know the specifics of who will receive what, but you should find out:

- **Where important estate planning documents are kept.** Find out whether your parents have a durable power of attorney

and a health care proxy. A durable power of attorney designates an individual to control their financial affairs if



they become incapacitated, while a health care proxy delegates health care decisions to a third person when they are unable to make these decisions.

- **How to contact their advisers.** Ask for a list of names, addresses, and phone numbers of lawyers, accountants, and financial advisers.
- **The rationale for distributing their estate.** Often, when heirs understand why an estate is being distributed in a particular manner, it can prevent problems between those heirs. If your parents are reluctant to discuss these things now, suggest that they leave a personal letter with their estate planning documents explaining their rationale for distributions. This is a good place to explain unequal bequests or large charitable contributions.

- **Safe deposit box.** Indicate where the safe deposit box is located and what is contained in the box. Note where the key is kept and who has access to the box.
- **Disposition of personal items.** Detail how you would like personal items distributed, including jewelry, photographs, personal collections, pets, and furniture.
- **Funeral arrangements.** Indicate your preferences for funeral arrangements, including whether you want a religious or secular service, whether you want flowers or donations to charity, whether you want to donate your organs or body to medical institutions, and where you would like to be buried or how your remains should be disposed of. These are items your heirs may feel uncomfortable asking about, but will be grateful your wishes are known so they can carry them out. Also list any friends or family you would like contacted after your death.

Your thoughts on these subjects can change over time, so review and update the letter periodically. Keep it in a place where heirs can find it immediately after your death.

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