



A death in the family

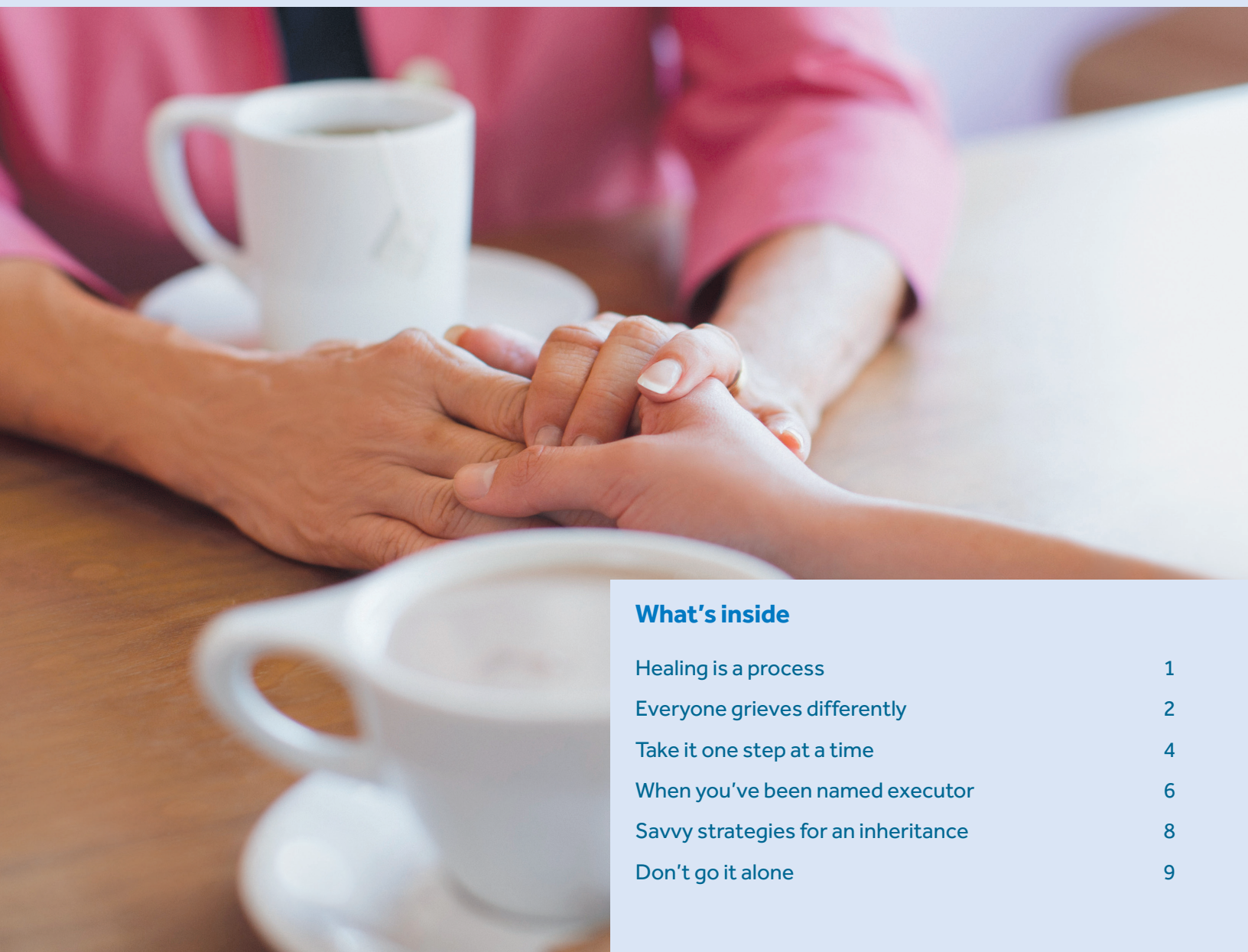
Navigating personal and financial affairs



INVESTMENTS

Personal loss is never easy.

Losing someone you love is a painful and trying experience that will spark a wide range of emotions. Simply coping with the grief you feel will be demanding enough. The added tasks of making funeral arrangements and finalizing an estate will also call for a lot of time, energy, and emotion—at a point when you have little of each to spare. Being prepared and understanding what will be required of you can help to ease some of the stress you may be feeling as you navigate this difficult time.



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Healing is a process

The loss of a close relationship will undoubtedly prompt a wide range of emotions. And at times, these emotions may be conflicting. One day, you might feel as though the sadness will never subside. Another day, it may seem that your life has returned to normal. It is important to accept that this roller coaster of emotions is a normal and healthy part of the healing process.

Healing happens gradually, and there is no normal time frame or schedule for it to happen. Rest assured that over time, the low, difficult periods will become less intense, and they will not last as long. Grief, a natural and necessary response to loss, is the emotional reaction you feel when something or someone you care deeply about has been taken away. You can experience grief over any kind of loss, including the loss of a cherished relationship, a job, a pet, or even the loss of financial stability. Generally, the more significant the loss, the more intense your grief will feel. It will take time to heal and work through your grief, so be patient and allow the process to unfold naturally.

This guide will help you to:

- Put your feelings into perspective.
- Find effective ways to help you through the healing process.
- Make smart financial decisions regarding an inheritance.
- Stay organized while you tackle the immediate personal and financial tasks associated with the death of a loved one.



The death of a loved one is difficult for everyone. When children get support from parents and other adults around them, it helps the entire family to cope.

Everyone grieves differently

The grieving process is very personal, and everyone will deal with it differently. How you grieve—and for how long—depends on many factors, including your personality, how you generally handle stressful situations, and the nature of the loss. Some people find that grief comes in stages where they experience many different feelings, and some find their grief to be more cyclical, punctuated by a series of highs and lows.

There is no right or wrong way to grieve, but there are healthy ways to help you cope with what you are feeling. Consider the following suggestions:

- **Anticipate a range of emotions.** Experiencing a loss will affect you on many levels—emotional, mental, and physical. You could feel shocked, sad, angry, or even confused. As unexpected as some of what you are feeling may seem, accept that your feelings are a normal part of the grieving process.
- **Create a support network.** You may feel that no one will understand what you are going through, and choose to cope with your feelings about the loss in solitude. While being alone might seem like the right thing to do, companionship can be the best medicine. Even though reaching out to others may be difficult, realize that coping with the loss of a loved one is something that everyone eventually has to deal with. So, your support network may be larger, and more understanding, than you think.
- **Treasure your memories.** Memories are a valued, lasting piece of every relationship. You may find that thinking about your loved one, remembering details of shared experiences, and trading stories with friends and family can be calming exercises during a difficult time.
- **Draw comfort from meaningful activity.** Embrace activities that offer you solace. You may be relaxed by activities that are religious in nature, such as attending a worship service or observing specific mourning rituals. Or, you may prefer to pursue activities that provide comfort on a personal level, such as a sunrise nature walk or making time for quiet reflection.
- **Find healthy ways to cope.** No doubt about it, this will be a difficult time. The stress of a loss can quickly deplete your energy and emotional reserves, so it is important to take care of yourself. Eat a balanced diet, get plenty of rest, and stay active—both mentally and physically. And, if at any point you feel like you are struggling, ask trusted friends and family or a professional grief counselor for help.



Children may express their feelings in ways other than talking. They may use play or creative activities, such as drawing, to communicate their grief.



There are stages of grief

The grieving process is a complex cycle of emotions, commonly divided into the stages summarized in the chart below. You may sequentially experience each stage, or move between stages randomly. It is also possible that you may skip some—or all—of the stages. While these phases are common, there is no typical, prescribed response to a loss. Your reaction will be a very personal and highly individual experience.

| The Five Stages of Grief ¹ | | |
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| Stage | What you may be feeling | What you may be thinking |
| 1. Denial | The initial sense of shock may cause you to doubt—or even refuse to believe—that a loved one is gone. You may feel numb or be unable to sleep or eat. | “This can’t be happening.” |
| 2. Anger | You may feel cheated, abandoned, or be looking to place blame. You may even find yourself taking your emotions out on others. | “Why is this happening? Who or what caused this?” |
| 3. Bargaining | You may have persistent thoughts about what could have been done to prevent the loss, or ways that you could have made things better. | “If I had only done or said ____.” |
| 4. Depression | You may feel disoriented, or experience feelings of sadness or despair. | “I’m too sad to do anything.” |
| 5. Acceptance | You begin to come to terms with what has happened and start to regain a sense of normalcy to your life. | “I feel at peace with what has happened.” |

1. The Five Stages of Grief, Elizabeth Kübler-Ross, 1969.

Take it one step at a time

The death of a loved one can be one of the most emotionally trying periods in your life. It can also be one of the most hectic. There are many tasks that must be accomplished, and decisions that need to be made to finalize their affairs—all in a very short amount of time. Should there be a formal funeral service? How much can be spent? Who will write an obituary or deliver a eulogy? Of course, adhering to any wishes and convictions of the deceased should always be a top priority.

Immediate tasks

Between planning for the funeral, gathering friends and family together to grieve, and dealing with your own emotions, the death of a loved one can be an exhausting time. Enlist the help of a close friend to support you and help with some of the immediate tasks.

- **Arrange a funeral or memorial service.** These types of services help to bring family and friends together to honor the deceased and show support. If the deceased did not make their own funeral arrangements in advance, you may need to coordinate the service. When meeting with the funeral home, bring any instructions the deceased may have left about viewing and burial preferences, military discharge papers, and any evidence of services or arrangements already paid for.

At such a difficult time, it can be easy to let your emotions rule and make extravagant—and costly—arrangements. Before finalizing any

details, you should have a clear idea of your budget and how the plans you are making align with that budget.

- **Write an obituary.** An obituary is a notice or announcement, especially in a newspaper, of a person's death. It often includes a short account of their life. To help compose an obituary, jot down any pertinent information about your loved one's life, such as education, career, family, military service, or notable achievements.
- **Gather important documents.** The early days following someone's death will be focused on informing friends and family, and making the funeral service arrangements. Soon after, various legal and financial issues must be addressed. You will need to collect certain documents and records from the deceased's files to help you complete these tasks.

Under the Funeral Rule of the Federal Trade Commission, before you sign a contract, funeral directors are required to provide you with a written price list of all services and merchandise they offer, as well as an itemized statement of all services that you have selected.

Important Documents to Gather After the Death of a Loved One

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| Death certificate | Social Security card |
| Marriage certificate | Birth certificate |
| Insurance policies | Deed and property titles |
| Stock certificates | Bank books or account statements |
| Honorable discharge papers and/or V.A. claim number | Recent income tax return and W2 forms |
| Automobile title and registration papers | Loan or installment payment books |

Legal considerations

Shortly after a loved one's death, there are legal issues that need to be addressed. Most can wait until after the funeral, but some—like obtaining the death certificate—are more pressing. A legal professional can help to guide you through the specific tasks that require your attention.

- **Obtain copies of the death certificate.** You will need to order copies of the death certificate. They are the official evidence of death and permit the executor to carry out the tasks associated with settling the estate. Death certificates are required to close out accounts, continue or stop Social Security payments, or allow a beneficiary to claim life insurance and retirement benefits. It is recommended that you obtain at least 10 copies of the death certificate, but you may need more depending on the size of the deceased's estate. Anticipate paying up to \$25 for the first copy, and less for any additional copies.
- **Locate the will.** The deceased's spouse or attorney should have a current, signed copy of the will. The will outlines how a deceased's estate is to be distributed, and whether or not an executor has been named to handle the estate settlement.

Financial considerations

After the death of a loved one, important—and sometimes complicated—financial decisions need to be made. If not carefully considered, unwise decisions could result in a significant loss of money.

- **File tax returns.** Because an accountant will be most familiar with the various federal and state tax filing deadlines, consider utilizing the services of a professional to prepare the estate's tax returns, including final income and estate taxes. No estimated federal tax is due during the estate's first and second years.
- **Continue to pay bills.** Any utility, credit, mortgage, or other payments should be continued in a timely manner. Keep a record of all bills, when payments are made, and in what amount. The executor will need this information when settling the estate.
- **Insurance claims.** Obtain any personal or workplace insurance policies the deceased may have owned and begin the benefit claim process with each individual carrier. The individual's insurance agent can be a valuable resource to help with this process.

Other Important Tasks to Complete

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| Contact Social Security | Notify the local Social Security office of the death. |
| Contact current and former employers | Contact the human resources department for all current and former employers to inquire about any death benefits. |
| Contact the Post Office | Forward any future mail to the executor's address, or yours, until the executor is appointed. |
| Care for the deceased's home | If the deceased owned a home, put the lights on timers and continue to maintain the property. Collect any extra keys. |
| Consider social media and e-mail accounts | Because of privacy concerns and policies in place with many online and social media providers, you may need a death certificate to deactivate or make decisions about any online account. |

When preparing final tax returns, the tax preparer should file Form 1040 to cover the period from January 1 of the year the deceased died until the actual date of death, and Form 1041 for the estate from that point forward.



When you've been named executor

An executor, in its broadest sense, is a person responsible for carrying out—or executing—a task. As the person in charge of settling someone else's estate, you will be responsible for protecting their assets and property, and distributing them to their beneficiaries. In addition, you will be responsible for caring for any property until it is passed to the new owner.

There is no legal obligation to accept this job. If you wish to decline for any reason, you should inform the court of your decision as soon as possible, so an alternate executor can be appointed. If you choose to accept the responsibility, you will be looked upon to be honest, prudent, loyal, and impartial until your task is complete. And, while it is an honor to be named someone's executor, it is also a lot of administrative work. The following steps can help you get organized and begin the task of settling the estate:

- **Understand the rules.** Every state has different rules and laws that come into play when settling an estate. These laws can be complicated, so it is recommended that you familiarize yourself with the guidelines in the deceased's state of residence as early as possible.
- **Obtain legal authority.** Before doing anything, you will need to be granted formal legal authority to settle the estate. This process begins with filing a certified copy of the most current will with the local probate court. The court will interpret the deceased's instructions and confirm the executor as the estate's legally appointed representative.
- **Compile a list of assets.** The will may contain a list of assets, their locations, and beneficiaries. If not, you will need to create one. Common assets to look for include cash, trusts, retirement accounts, property, and investment accounts.
- **Send notifications of death.** By way of a formal notification letter and copy of the death certificate, you will need to inform beneficiaries, heirs, and creditors about the death and that an executor has been appointed.
- **Outline your strategy.** In most cases, the will outlines clear instructions about how to distribute an estate according to the deceased's wishes. As executor, you will be responsible for many administrative tasks, including paying bills associated with the estate, filing and paying taxes, and contacting beneficiaries. Without taking some time to get organized, you could easily overlook key tasks.

Did you know?

Probate is the legal process of administering an estate by resolving all claims and distributing a deceased person's property under a valid will. For a will to be valid, it must be in writing and signed and dated by both the person who created it and a witness.

Locate the will

Your first task as executor will be to locate the will. Start with the person who informed you that you were named executor. They should have a copy of the will, or know where it is located. If not, contact the deceased's attorney for guidance.


A will is a legal document that sets forth one's wishes regarding the distribution of their property after their passing. Writing a will allows a person to decide how their belongings should be distributed. In addition to financial assets, this can also include tangible property, such as jewelry, furniture, a favorite collection, or a family heirloom. It can also outline instructions for the care of any minor children.

What happens if there is no will?

When a person dies without a will, they are said to have died "intestate." In this case, you can ask the court to be appointed as the personal representative of the estate. If the request is approved, you will be

responsible for carrying out all duties of the executor. If no one requests to become the executor, state law will take effect.

Each state has guidelines to determine who would be entitled to a deceased's property and assets in this situation. While the laws vary in each state, they usually follow a similar path. Generally, only spouses, registered and state-recognized domestic partners, and blood relatives are entitled to inherit assets, whereas unmarried partners, friends, and charities are not. If the deceased person was married, more than likely, the surviving spouse will receive the largest share of the estate, sharing a portion with any children. If there are no children, the surviving spouse will receive all property and assets. Distant relatives are entitled to inherit assets only if there is no surviving spouse or children. If no relatives can be found, the state will inherit the entire estate.



The IRS allows a surviving spouse who is a U.S. citizen to receive an unlimited amount of property, free from federal estate tax. However, when the spouse dies, the remaining estate will be subject to estate tax.

Savvy strategies for an inheritance

Receiving an inheritance or large life insurance payment—especially when unexpected—can leave you with many feelings. It is not uncommon for heirs to experience anxiety, stress, or even guilt over financially benefiting from a loved one's death. As was intended, the funds should ideally help to bring you a degree of financial security. But, because many do not know how to appropriately handle such a sudden, large sum of money, some heirs may find themselves financially worse off than before their inheritance.

In this situation, financial, tax, and investment professionals can be valuable partners to help you assess your short- and long-term financial goals, as well as outline various options for your inheritance. Consider the following tips to help put you in the right frame of mind after receiving a sizeable amount of money.

- **Avoid rash, knee-jerk decisions.** It is a common occurrence for an heir to spend an inheritance in a few short years because they view the funds as “found money.” With an inheritance, the goal should be to realize its optimal long-term value and not use it to fund a shopping spree, or as the basis for careless investments.
- **Develop a strategy.** Consider doing nothing with your new funds for a set period of time—perhaps six months to a year—while you carefully assess your personal financial situation and

research financial options. Resist the feeling that you “have to” do something with the money right away.

- **Set or review financial goals.** Spend time setting solid financial objectives and work with your financial professional to identify how the funds can be used to help achieve those objectives. It is important to distinguish between wishes and goals. Ask yourself what you want to accomplish with the money, not what you want to spend it on.
- **Hire experts.** Consulting with financial and tax professionals will help you to maximize your current financial strategy, or develop one if you do not already have one. Carefully choose your financial team after researching their qualifications and checking current client references.

Inheritance taxes

An inheritance tax is a tax that you pay when you receive money or property from the estate of a deceased person.

Once the executor of the estate has divided up the assets and distributed them to the beneficiaries, an inheritance tax comes into play. The beneficiary of the money or property is responsible for paying the inheritance tax, not the estate.

The inheritance tax is a state tax, not federal. Not all states impose an inheritance tax, so consult with your financial professional for details. Of course, state laws are subject to change, so if you have received an inheritance, check with your state's tax agency.

The tax rates on inheritances can be as low as one percent or as high as 20 percent of the value of property and cash you inherit.²

Depending on your relationship to the deceased, you may receive an exemption or reduction in the amount of inheritance tax you must pay. For example, most states exempt a spouse from the tax when they inherit the property from their husband or wife. Children and other dependents may qualify for the same exemption, though in some cases, only a portion of the inherited property may qualify. Generally, the higher tax rates will be paid by those who inherit property from someone with no family relationship.

Don't go it alone

Whether expected or unexpected, losing a loved one is never easy. You will find yourself coping with many emotions as you face the numerous administrative and financial decisions ahead of you. A trusted financial

professional can support you through these complex tasks, guide you through the financial matters at hand, and help to realign your financial strategy during this difficult time.

Additional resources

Social Security Administration
ssa.gov

U.S. Department of Veterans Affairs
va.gov

The Executor's Guide
Mary Randolph ©2008
Berkeley, CA: Nolo

2. Turbo Tax, updated for tax year 2014.

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