

# A step-by-step guide to understanding what comes after the death of a spouse



The death of a spouse can be one of life's most painful and difficult experiences. Before embarking on the tasks necessary to manage the resulting financial and legal issues, take time to celebrate your spouse's life and to grieve.

Take a deep breath. Know that while there might be a lot to do, it does not need to be done all at once. Your advisory team will help you put together a timeline and guide you on how to accomplish the necessary tasks.

While your friends, family, and social media connections may offer you well-intended advice, the process for each individual's estate is highly fact-specific (and can even vary from one state to another), so you will need to rely on seasoned professionals for guidance. Once you are ready to proceed, these three steps will help you understand and move through the estate administration process.

## Step 1: Get organized and build your advisory team.

There are many details and timelines involved in settling a deceased spouse's affairs, and you will need to be organized for the process to run smoothly.<sup>1</sup> If you haven't already, consider creating a binder that houses all your important estate-related documents, including but not limited to: wills, revocable and irrevocable trusts (if applicable), financial and healthcare powers of attorney, titles/deeds to property, and a current list of your assets. After your spouse's death, you can use this binder to stay organized and keep track of pertinent conversations with advisors and relevant companies. This will also help you remember what you have accomplished and any pending tasks you need to complete.

Following your spouse's death, you should consult with an experienced estate planning attorney and tax advisor as soon as possible, before attempting to collect any assets. Your advisory team will help you prioritize what needs to be done immediately and what can wait.

When meeting with your advisory team, consider taking a close family member or friend who is good at understanding financial matters to be your "second set of ears" who can help you understand advice and ask questions.

It's important to wait to collect assets until after you meet with your advisory team because any beneficiaries who would have benefited from a disclaimer (the ability to refuse to accept certain assets) may not be able to disclaim if assets are improperly collected or used, and this could have negative tax and estate planning consequences.



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## Here's a list of what you'll need to provide to the attorney

- **Your deceased spouse's estate planning documents.**  
Remember: your spouse's financial power of attorney cannot be used to collect assets after his or her death.
- **A comprehensive asset list**, including real estate, bank and investment accounts, vehicles, interests in closely held entities, and life insurance policies and retirement accounts with the designated beneficiaries. One of the most important parts of this is how each asset is titled and if there are beneficiaries on accounts that allow beneficiaries because these may dictate how each asset passes, and your attorney can guide you on the steps needed to collect each one. If a probate administration through the court is needed to collect assets, the rules of your state will apply. Here are a few general examples of how types of assets pass:
  - Assets held jointly as joint with right of survivorship or as husband and wife (also known as "tenancy by the entirety" in some states) transfer by operation of law to the survivor.
  - Assets with a Transfer on Death (TOD) or Payable on Death (POD) designation pass to the person designated as the TOD or POD designee.
  - Assets with a beneficiary designation pass to the designated beneficiary.
  - Assets in an individual's name (i.e., not jointly held, not in a revocable trust, and without a TOD/POD or designated beneficiary) pass as part of the deceased individual's estate.
- **A list of all debts**, including credit card accounts, mortgages, loans, medical bills, funeral expenses, and any others.
- **Your deceased spouse's income tax return** or your joint return, as applicable, from the previous year.
- **The death certificate.** The funeral home will often help you obtain copies. Request five to ten copies upfront since many organizations require an original copy before transferring assets or closing accounts.

## Step 2: Notify all parties

All relevant institutions and organizations need to be promptly notified of your spouse's death. Here is a list of some important parties to contact:

**Notify banks and other financial institutions.** Be prepared that your spouse's individual accounts will be immediately frozen once a death is reported. It's also possible that investment accounts will have to be re-titled and may not be accessible (also meaning no trades will be allowed) until they are. You may even run into difficulty with joint tenancy accounts that use your spouse's social security number. These accounts often need to be closed and reopened as new accounts, even though they were set up in joint tenancy.

**Cancel credit cards and subscriptions** and ask the credit agencies to put a notice of death on the account to prevent future accounts from being opened in their name. Make sure to update any automatic bill payment methods.

**Notify your spouse's employer** if applicable and inquire about any final paychecks and benefits.

**Contact the Department of Veterans Affairs** if your spouse was a veteran to see if they qualify for burial in a national cemetery, or if there are any other survivor benefits available to your family.

**Schedule an appointment with the Social Security Administration** to determine what needs to be done if you are not already collecting social security benefits of your own so you can choose the highest benefit available to you, if applicable. Social security payments for the deceased spouse will be discontinued, and the final payment will be debited from their account if they passed away before the end of the month. If you have minor children, explore survivorship benefits on their behalf.

As difficult as it can be to move forward after the death of a spouse, it's important to consider how you'll handle your finances in the future.





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### Step 3: Consider your future

As difficult as it can be to move forward after the death of a spouse, it's important to consider how you'll handle your finances in the future.

Start by talking to your tax advisor about establishing a new income tax basis for assets you inherit. This will include getting an appraisal of real estate and valuations of accounts and other assets to substantiate any income tax basis adjustment.

Then, if you haven't already, connect your estate attorney with your tax advisor so they can coordinate efforts to determine what will be needed for the final individual income tax and the estate and trust tax returns, as applicable.

You'll want to consider updating your own estate plan, too. Focus on making any desired changes to the agent under your financial and healthcare powers of attorney, executor/personal representative, trustee or others, and assess your overall plan for other adjustments that need to be made. Make sure the titling of your assets and your designated beneficiaries work with your overall estate plan to accomplish your wishes.

Finally, establish a new budget to work from moving forward. A financial advisor can help you build this and plan for your future.

### Plan ahead to help provide peace of mind

Losing a spouse and navigating administrative and logistic processes in the midst of your loss can feel overwhelming. If you can plan in advance, work on putting a solid estate plan in place and create a binder with documents the surviving spouse will need. Ultimately, when the time comes to settle your spouse's affairs, surround yourself with knowledgeable professionals to help guide you, and above all—take it one step at a time.



<sup>1</sup> It is assumed in this article that the surviving spouse is the named executor/personal representative. If that is not the case, then the surviving spouse will need to coordinate these steps with the named executor/personal representative.

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