

## Is Your Estate in Order?

**F**or years, Enrolled Agents have worked with spouses, adult children, and various degrees of relatives and non-relatives as they struggled to settle the estate of a spouse, parent/grandparent, other relatives, significant other, or long-time friend. So many times, the same question is asked over and over, "If only Dad had told me more or had left better records to go by." Keeping your estate papers in order is not as difficult as you may think and in the end, will save your executor additional hours of searching and very possibly save dollars that otherwise would be paid to attorneys and accountants to resolve the unknown.

First, purchase a 3-ring binder, preferably one with 3-inch rings. Add to that a set of divider tabs (13), a package of notebook paper, and a package of sheet protectors. Your total expense should be under \$25. Yes, you could do this on the computer, but recognizing that not everyone has access to a computer or spreadsheet software, I've opted for the "old-fashioned" way of record keeping.

Second, make a checklist to help you put the data together. Each item on the list will correspond to a divider tab in the notebook. (More on those later).

And finally, begin assembling your information per the checklist. Remember, this notebook will need to be updated periodically as your assets change or as family situations change that affect your overall estate plan. At the very least, an annual update—when you are working on your income taxes—would be a good time to review and make any changes.

Okay, let's get started. First, take a blank sheet of paper and write your name (and your spouse's name, if married) at the top and below that write the word UPDATED, followed by the date. Each time you make any changes, put a line through the old date and write in the new date below it. Not only will you know when you last made changes, but so will your executor and family members when the time comes to use your reference book.

Next, make your checklist/divider tabs per the following list:

- Personal Information
- Real Estate
- Securities/Mutual Funds
- Cash & Bank
- Insurance
- Personal Property
- Retirement Plans
- Business Interests
- Funeral Instructions
- Whom Do I Owe
- Where To Find It
- Who To Call
- Miscellaneous

Now, let's see what goes behind those tabs and in the sheet protectors.

■ **Personal Information.** Include your complete name along with any variations of your name that you used when purchasing assets, i.e., Robert C. Smith, Robert Charles Smith, R.C. Smith. Also write your birth date and Social Security Number. Repeat this information for your spouse. Further down the page, write the names, addresses, and telephone numbers of your children. Write down their birth date and list all their children and their birth dates too, if applicable. Be sure to indicate if any of your children have predeceased you or are divorced. Remember: this is personal information that will be helpful in settling your estate.

■ **Real Estate.** The information you write for this section includes the municipality, county, and state where you own property as well as the

address and type of property (residence, vacant lot, vacation property, condo, etc). Indicate how the property is titled, when it was purchased, and the purchase price. This section also includes installment land contracts you have with others for property they purchased from you.

■ **Securities/Mutual Funds.** Write each stock, corporate bond, municipal fund, and mutual fund you own on a separate sheet. Indicate purchase date, price, how registered, and where the certificate of ownership is located (safe deposit box, broker, filing cabinet at home or the office, electronic shares being held by the company, etc). If you participate in a stock dividend reinvestment plan (DRIP), include the account number and telephone number of the company that holds those reinvested shares. If you own Series E/EE, H/HH, or I bonds, write the kind of bond, issue date, face value, serial number, and how the bond is registered. Do not include securities that are part of your IRA, SEP, SIMPLE, or other retirement plan. There is a separate section for those accounts.

■ **Cash & Bank.** Use a separate sheet for each savings account, certificate of deposit, checking or money market account, listing all the pertinent information about each account. Don't forget to write the name of any co-owner or person who will receive the account upon your death through a POD, TOD, or ITF beneficiary designation. If you routinely keep cash in your home or office, write a note about where that hiding place is.

■ **Insurance.** Again, use a separate sheet for each insurance policy you have on your life, home, auto and personal umbrella. The company name, policy number, beneficiary and face amount should be included. For policies you have to insure property, write the kinds of insurance and policy limits.

■ **Personal Property.** This section is to make a list of your personal property, including automobiles, trucks, trailers, recreational vehicles, airplanes, boats, tools, furnishings, antiques, stamps, coins, jewelry, furs, artwork, precious metals, collections, and other col-

lectibles. If you have more than one residence (or have a storage facility of some sort), be sure to indicate where your property is located. Again, if you own any of these items jointly, list their name next to the item.

■ **Retirement Plans.** All kinds of retirement funds and plans are reported in this section. Employer plans, rollover plans from previous employers, and self-employed plans (IRA, SEP, SIMPLE, ROTH) should be listed along with the named beneficiary(s). The name and telephone number of the bank or brokerage house that holds these retirement plans should also be given.

■ **Business Interests.** If you are a partner or shareholder in a general partnership, limited partnership, LLC, LLP, subchapter S corporation, or privately owned corporation or own your own unincorporated business, give all the pertinent details here. Once again, use a separate sheet of paper for each entity. If any of the business interests involve a buy-sell agreement or other means by which your estate will be compensated for your share, include that information here.

■ **Funeral Instructions.** It's a good idea to write down anything specific you need your family or trusted friend to know about your funeral, including the kind of funeral service you prefer, where you should be buried, etc.

■ **Whom Do I Owe.** Information about mortgages, credit card companies, individuals who hold your mortgage, automobile leases, and other contractual obligations are reported in this section. Where applicable, include account numbers, telephone numbers, and contact persons.

■ **Where To Find It.** This section lists safe deposit box location(s) and places in your home or office where you have stored files and important papers. These papers include insurance policies on your home, auto, and personal property as well as prior year tax returns and appraisals of personal property. The location of the original of your Will, Living Trust, Durable Power of Attorney, and Health Care Directive should also be included in this section.

■ **Who To Call.** This list includes your attorney, accountant, financial advisor/planner, investment broker, and insurance agent(s) with their complete names, addresses, and telephone numbers. Don't forget to include information about your Executor(s), Trustee (if applicable), and Attorney-in-Fact for your financial Power of Attorney and your Health Care Directive.

■ **Miscellaneous.** If there's anything else you want your family or trusted advisor to know when handling your estate, write it here. Do not use this section to include directives that should be in your Will, but rather additional comments about the kinds of assets you own and how to locate them or who can help best in the liquidation of those assets (the clock dealer you trust with your

collection, an appraiser for the stamps, a realtor for that vacation property in another state, etc.).

To back-up this information, use the sheet protectors as a way to hold items specific to that divider tab which will be beneficial in the settlement of your estate. For instance, in the personal information section, you might include birth certificates (you and your spouse, if applicable), a copy of the marriage certificate or divorce papers, and even a death certificate for a spouse who predeceased you. For the other sections of the binder, you might include copies of deeds, installment land contracts, mortgage notes, recent DRIP statements, brokerage statements, appraisals of personal property, statements about retirement plans and benefits, mortgage notes you have signed, personal notes you have signed, copies of credit cards [front and back], lease agreements for personal property and living quarters, and copies of your Will, Living Trust, Durable Power of Attorney, and Health Care Directive. Use your best judgment about putting copies of documents versus the original document in the sheet protectors.

As you are collecting the information for the binder, you might find it helpful to also use this opportunity to discard those items that no longer pertain to your financial affairs. Insurance policies from an employer you no longer work for are a good example of what "not to keep." Also, if there are items you are holding onto from a relative that have no value other than sentiment, a note attached to that item will save a lot of searching. Here's an example of why notes are valuable. Say you are handling your father's estate and you come across an old stock certificate. The registered name on the certificate is no one you know by name. So, you guess this is a relative of your father's whose name had never been mentioned. Later on in the process, we learn that the compa-

ny on the old stock certificate is out of existence. If the stock had a value, it would have been a problem determining who the rightful owner of that stock certificate really was. So, leave some notes for those who follow you.

No estate plan can be successfully carried out (regardless of the size of your estate) without the necessary legal documents being in place. Look at the date on your Will, Living Trust, Durable Power of Attorney, and Health Care Directive. If the dates are more than 3-5 years old or circumstances have changed since you signed them, call your attorney today for an appointment to get those documents reviewed and updated. You might want to take your binder with you to help your attorney to better determine the size of your estate and how best to provide for the disposition of your assets at death.

Remember, the purpose of this book is to provide your family and/or trusted friend with the appropriate information to settle your estate after your death. The contents of this binder are intended to be the best reference book they can have about you and your finances. If you have assets or liabilities not mentioned specifically, go ahead and create a tab section for those items. The beauty of the notebook is you can add and delete as you go along to make your reference binder unique to you and your circumstances.



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