

Help Heirs Understand Your Estate Plan

By Ken Bloom, J.D., LLM

When it comes to ensuring that your hard-earned assets are transferred to your spouse, children or other heirs easily and per your wishes, having the proper estate plan is the best way to go. But too often, people who work with an estate planning attorney to develop the perfect plan just file it away and don't even think about it anymore, which means your heirs are often in the dark as it relates to your estate planning wishes. This inevitably results in needless delay in transferring your assets following death and adds more unnecessary costs and fees.

It is important to prepare for the eventuality of your death and having a well thought estate plan accomplishes this for most people. It is equally important to prepare your heirs as well. While it may be uncomfortable to have that conversation with your spouse, children and other heirs, it will enable them to ask questions and clarify what your wishes are regarding your assets, something they won't be able to do if the first time they see your estate plan is after your death.

When it comes to discussing your estate plan with your heirs, I have found there is not one solution for everyone. In some situations, it makes sense to discuss the specifics of your estate plan with your children in other cases it is not advisable. If you are dividing your assets evenly among your children there probably isn't much problem discussing that with them. However, if you are not dividing up the assets evenly, or if the timing of the distributions varies from beneficiary to beneficiary, then revealing this fact could result in family discord. I strongly believe that when it comes to your money it is up to you how the money is distributed at your death, but revealing too much information prior to death can result in a great many unintended consequences. So, my recommendation is to be very careful in disclosing specifics of your estate plan.

What Needs to Be Communicated Regarding Your Estate Plan?

If there is a surviving spouse who will be the personal representative (commonly referred to as "executor") and trustee it is often assumed that he or she is familiar with all the financial and investment matters. Unfortunately, that is not always true and in many cases, the surviving spouse is completely unaware what accounts are owned and what their assets are worth. Therefore, it is important to communicate all your financial matters with your spouse.

When there is no surviving spouse then in most cases the successor personal representative/trustee is not as familiar with the nature of the accounts and location of the assets. If your successor trustee does not know the location and nature of your assets this will cause a delay and additional costs in distributing your assets. Since people often feel uncomfortable disclosing too much information regarding too much information, a middle ground is to provide a simple "road map" where all of the information is located. This could be in a computer file (make sure to provide the password if the file is password protected) or in a file in your house. Regardless of where or how you provide this information it is important that someone know how to access it.

In some cases, the successor trustee is a non-family member. Do your beneficiaries know who it is? How are they contacted? Is there a conflict between the beneficiaries and the trustee?

While these are more formal aspects of an estate plan that need to be communicated, there is also a list of important contacts and information that you should prepare to provide to your heirs, including:

- Bank account information (account numbers and name of banks where you have accounts)
- Investment accounts/ Investment advisor
- The CPA who does your taxes and copies of your tax returns
- Estate planning attorney
- Insurance Policies (name, account number and value). IF you have an insurance agent this should also be included.
- Credit card accounts and statements
- Outstanding loans or debts

Online Accounts and Passwords

While you may have actual documents filed for many of your financial accounts, you may prefer to access these accounts online these days. So one of the most important things you need to provide your heirs is a list of all the online accounts you have and the corresponding user name and passwords. And don't forget to provide a list of user names and passwords for other online accounts, such as email accounts; financial and credit card accounts; Social Security; and medical accounts. Don't forget you also have to include passcodes for your smart phone, computers, tablet, iTunes, Facebook and Kindle.

When should you have a talk about estate plan with heirs?

Talking with your heirs about what happens after you pass away is certainly a sensitive issue, and many people are not comfortable doing it. But it will make it much easier on your children and other heirs if you have that conversation now and provide them with the necessary information so there is a smoother transition regarding your assets and liabilities upon death.