

Death of a Loved One #1

What will I need if a member of the family dies?

The following is a list of papers that will be necessary:

- Copies of all insurance policies.
- Marriage Certificate (if the deceased's spouse will be requesting benefits). You may obtain copies at the Office of the County Clerk where the marriage license was issued.
- Certified copies of the death certificate (a minimum of 10). These can be bought from the funeral director or from the Health Department in your county.
- Birth Certificates of dependent children. These may be obtained at either the County or State Public Health offices where the child was born.
- Social Security numbers of the spouse, deceased and any dependent children.
- Military discharge, if the deceased was a veteran. Write to The Department of Defense if you are unable to find copies.
- A complete list of all property, including stocks, savings accounts, real estate, and personal property of the deceased.
- Will, which will more than likely be with the lawyer of the deceased.

Should I take any particular steps with regard to the assets of the deceased?

To learn how to hand the following assets of the deceased, speak with your financial advisor. General rules are as follows:

- Automobiles. Find out if the title of the car of the deceased needs to be modified by checking with the State DMV.
- Insurance Policies. The beneficiaries of policies held by the deceased's spouse may need to be modified. (It might be smart to lessen the amount of life insurance coverage if the spouse doesn't have any dependents.) Revision of home and auto insurance may also need to be done.
- Bank Accounts. The title of a joint bank account will automatically pass to the surviving spouse. Advise the bank to change the ownership records. If the name of the deceased was the only name on the bank account, the asset will go through probate unless it is a trust account.
- Safe Deposit Box. A court order is necessary, in most states, to open a safe deposit box that is only in the deceased's name.
- Stocks and Bonds. Verify with the broker of the deceased to change title of stocks and bonds.
- Credit Cards. If the credit cards are only in the deceased's name, they should be cancelled, and the estate should pay outstanding payments. If the cards are in both names, the surviving spouse should inform the credit card companies of the death and ask for cards only in the survivor's name to be reissued.

What can I do to avoid overpaying for a funeral of a member of my family?

Planning ahead is the best way to avoid overpaying for a family member's funeral. You should know about the Federal Rule or the regulation of the Federal Trade Commission (FTC) dealing with practices of the funeral industry. It provides that:

- You must be given, over the phone, price and other relevant information by the funeral provider to answer your questions.
- You must be given 1) a disclosure of important legal rights, 2) a general price list, and 3) information about caskets for cremation, embalming and required purchases by the funeral provider.
- You must be given, in writing, any service fees for the payment of goods or services such as flowers, obituary notices, and pallbearers, on your behalf by the funeral provider. Some funeral providers add a service fee to the cost, while other charge you only the cost of the item. You must also be given any information from the funeral provider about refunds, discounts or rebates from the supplier.
- You must be given by the funeral provider, in writing, information regarding your right to purchase and what is available to you - an unfinished wood box, a type of casket, or an alternative for direct cremation.

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- In getting the products and services that you do want; you are not obligated to buy unwanted goods or services or pay any addition fees. You only need to pay for the goods and services you selected or that the state law requires in addition to the fee for the services of the funeral director and staff.
- You must be given an itemized list of the total cost of the funeral goods and services selected by you. It must inform you of any cemetery, legal, or crematory requirements that you must meet to buy any funeral goods or services.
- You are not allowed to be told that a certain funeral item or service can preserve the deceased's body for an indefinite time in the grave or claim that funeral goods (caskets or vaults) will not allow dirt, water, or other gravesite substances to enter.

If you are having a funeral problem that cannot be resolved with the funeral director, contact your federal, state or local consumer protection agencies, the Conference of Funeral Examining Boards (www.theconferenceonline.org), or the Funeral Service Consumer Assistance Program (FSCAP) (www.funeralservicefoundation.org).

Are surviving family members entitled to Social Security benefits?

If the deceased has paid Social Security for a minimum of ten years, he/she is covered. Contact your local Social Security office or call 800-772-1213 to find out if the deceased was eligible. There are two types of available benefits, if eligible:

One-time death benefit - A death benefit is paid by Social Security towards burial expenses. To apply the payment to your funeral bill, simply complete the form necessary at your local Social Security office or ask the funeral director to complete the application. This is only available to eligible spouses or a child that is entitled to the benefits of the survivor.

Benefits of a survivor for a spouse or children - The spouse will be eligible for benefits if he/she is 60 years old or older. The benefit amount collected before the age of 65 will be less than that due at the age of 65 or older. Widows who are disabled are eligible for benefits at age 50. If the deceased's spouse cares for dependent children under the age of 16 or for disabled children, they may qualify for benefits before age 60. The deceased's children who are disabled or younger than 18 may also qualify for the benefits.

What is probate?

It is the legal process of allocating the estate to the lawful heirs as well as paying the debts of the deceased. The process typically includes:

- An individual being appointed by the court to function as the personal representative or executor of the estate. The person is usually mentioned in the will. The court will appoint a personal representative, typically the spouse, if there is no will.
- Validating the will.
- Letting all heirs, beneficiaries and creditors know that the will has been probated.
- In accordance with the will or state law, organizing the estate by the personal representative.

A petition must be filed by the spouse or the selected personal representative with the court following the death. A fee for the process of probate will be charged. Probation of a will might require legal assistance, depending on the size and complexity of the assets to probate. If the deceased and someone else jointly owned assets, they are not subject to probate. The proceeds of a life insurance policy or Individual Retirement Account (IRA) will be paid to the beneficiary and are not subject to probate.

Upon a family member's death, what taxes are due? Federal Estate, State Estate, and Income Taxes are the taxes that may be due. The following is a summary of these taxes:

Federal Estate Tax

Amounts that are given to the surviving spouse or to a charity are typically exempt from estate tax. Normally, the estate tax is only owed on estates (which, after decreasing the amount by what is given to the spouse and charity, surpasses the unified credit exemption equivalent). If you need to file an estate tax return, get in touch with the IRS to get a Form 706. Within nine months of the death, absent extension date, a federal estate tax return must be filed.

State Estate Taxes

These differ by state. States may enforce estate taxes that may be applied on top of the federal estate taxes while others may be utilized when federal estate taxes don't. There are inheritance taxes that some states impose, which are on the individuals that receive the inheritance, rather than on the estate itself.

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Income Taxes - The deceased's state and federal income taxes are due for the year of death. Unless an extension is solicited, the taxes are due on the regular filing date of the coming year. For the year of the death, the deceased's spouse may file a joint federal income tax return. If the spouse has a dependent child, he/she may file for an additional two years. It might be helpful to look at the IRS's Publication 559, "Information for Survivors, Executors and Administrators. "

May I refuse inherited property in order to reduce taxes?

To refuse all or part of the property that is being passed on to you by a will, intestacy laws or the operation of law, you should make use of the disclaimer. The property is passed to the next beneficiary in line with an effective disclaimer.

By the property passing directly from the decedent to the next beneficiary, it could possibly save thousands of dollars in estate taxes. The wise use of a disclaimer and the condition for a disclaimer in a will permits the shifting of assets and income to maximize the estate tax marital deduction, unified credit and the lower income tax brackets.

To provide for financial contingencies, disclaimers may also come in handy. For instance, if someone needs funds, you can disclaim an interest to them.

My spouse died this year; may I file a joint return for this year?

Of course. If the surviving spouse didn't remarry before the end of the tax year, he/she may choose to file a joint return.

Do I owe taxes on life insurance profits payable to me?

Typically not. Unless the recipient paid for the privilege to collect the life insurance policies, they are non-taxable income. For instance, if a policy was purchased as an investment.

Are distributions of a retirement plan or IRA of the deceased taxable?

Typically, yes because it is considered income with regards to the decedent. The tax is due by the recipient because the deceased had not paid the distribution's income tax. You may be entitled to a deduction for a segment of the estate taxes paid, if the account's value was incorporated in the estate tax return of the decedent.

If my spouse died without a will, how will his/her assets be distributed?

The law will pass on the jointly held assets with right of survivorship on to the joint holder. The designated beneficiary of the insurance policies and retirement accounts will be awarded to said individuals. The assets owned only by the decedent will be dealt with according to state law, known as intestacy. Generally, the preference is given to the spouse or children, but the laws differ from state to state.

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