

YOUR FINANCES

Safeguard Your Spouse After You Die: 8 Steps

If you take these steps now, it can save your spouse more grief later

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One day, you're going to die. Other than leaving your spouse mounds of money, how can you financially safeguard your spouse when that happens? What estate planning steps should you take now?

It's vital to ask yourself that question now and not wait until it's too late. Upon your death, your loved ones will be distracted by grief and myriad emotions.

You won't be around to help. But you can take estate planning steps now to make the transition to life without you easier. Most do not require a lawyer or tax professional.

Think of these steps as the owner's manual for your life. It's also the owner's manual for life after you're gone. Here are eight estate planning steps you must take to make the future easier for your spouse and other loved ones:

Keep key documents handy. You and your spouse should know the secure, fireproof, waterproof place where you store key documents — deeds, insurance policies, passports, financial statements.

Don't overlook your birth certificate, marriage certificate, any divorce settlement and a copy of your driver's license. Also, list the locations of any safe deposit boxes and the whereabouts of keys. List their contents. And enclose copies of the last seven years of income tax returns, says Kimberly Foss, founder and president of Empyrion Wealth Management, in Roseville, Calif.

In addition, list your workplace's employee benefits, especially those available to your survivor.

Secure Site

Your storage site should be someplace that your spouse will have easy access to without needing anyone's permission. But it should be secure from the prying hands of burglars or miscreant home health aides or malevolent house cleaners.

List financial accounts. That includes credit and debit card accounts. Spell out the names, payment addresses and customer service numbers of financial institutions or custodians, and list your user names and passwords. Include both of your Social Security numbers and copies of your cards.

Identify household bills. Indicate the approximate amount for each, and how each bill gets paid — by check or by automatic withdrawal. If necessary, spell out which accounts you use to pay each bill.

Documents that provide vital information, but which you don't need originals of, can be scanned and stored electronically with cloud-based services such as [dropbox.com](https://www.dropbox.com) and Google Drive.

Specify funeral wishes. Foss said, "This can be immeasurably helpful for bereaved spouses, helping them to avoid the need to make decisions when they are in an emotionally vulnerable state." Talk it through in advance, then put it in writing.

Make a living will and advance medical directive. If you become incapacitated, those documents tell health care providers and your loved ones what steps you want taken on your behalf, and which steps you don't want. Otherwise, differing state rules may apply.

Create a will. You should keep the will somewhere other than a bank safe deposit box because in your state, your surviving spouse may not be permitted quick access to the box.

Update beneficiary designations. Those designations are in wills, trusts, insurance policies, annuities and financial accounts.

Check your beneficiary designations from time to time, especially after major life events such as divorce and remarriage. Dan Routh, wealth advisor at Exencial Wealth Advisors in Oklahoma City, said, "If you have remarried, you may not want your ex-spouse to remain as your beneficiary."

Position your spouse to benefit from stepped-up cost basis. This can help if you have stocks or other assets that have increased a lot in value since you first bought them, says Len Hayduchok, CEO of Dedicated Financial Services in Hamilton, N.J.

Suppose you own appreciated stock in a nonretirement account. At your death, your spouse takes ownership. When that happens, your original cost basis is replaced by the stock's value on the day you die. That becomes your surviving spouse's cost basis.