“You gain strength, courage and confidence by every experience in which you really stop to look fear in the face...You must do the thing which you think you cannot do.”

- Eleanor Roosevelt

Special thanks to Laura Richards, Kevin Lam, and Otto Rivera for their valuable reviews and feedback.

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YOU ARE NOT ALONE

If you are reading this, it is likely that you are a widow or widower. More specifically, a new widow, and if so, let me first say how sorry I am for your loss, your grief and pain, and the overwhelming situation in which you now find yourself.

Nobody plans to lose their spouse. It's doubtful you were prepared, as well. There are no classes you can take to learn what to do after such a devastating loss. YouTube is void of content about how to grapple with the practical matters you now face. There are plenty of books on the subject, but how likely is it that you are going to dive in and grasp it all? Impossible for most; improbable for all.

The New Widow's Guidebook was designed for you. It was created, and revised, to complement the personalized coaching you will receive from our best-in-class financial coaches—licensed and experienced financial advisors. Certified Financial Planning professionals. Experienced, knowledgeable, and eager to help you. Page by page, step by step, they will guide you through these uncharted waters.

You are holding more than a guidebook, however. Along with our proven and successful approach to financial coaching, you are holding the key to financial clarity. Before everything else you must have financial clarity – about your situation, your options, and the things you must do to protect yourself and your family. Your coach will help you avoid bad decisions and costly mistakes. They will advise and educate you about things you need to know. You will gain confidence during this journey and arrive at your destination: peace of mind.

If you stick with your coach, in a few weeks you'll be able to say, "I've got this! I'm gonna be okay."

Chris Bentley
Founder | CEO

"I am so glad I reached out. They helped me to wrap my arms around the enormity of my situation and move forward with confidence. I can't thank them enough. Such a great resource!"

~ Jo N., Eden Prairie, MN

LET'S GET STARTED!

Before we begin, let's set expectations so that we can achieve the outcome we both desire. We know our approach works. We know that our coaches have the experience and knowledge to assist you. We know that this guidebook is chock full of important information, valuable resources, and helpful tips.

What we don't know is you. Are you ready to tackle that which lies ahead?

You are ready to get started with your coach if:

- You are open to sharing financial information with your coach;
- You are willing to provide your coach information you may not know but are willing to find;
- You are interested in learning about topics that may be new to you (but also helpful if not critical for you to know now);
- You are willing to prepare for your coaching sessions; and
- You are excited to engage with your coach over the next few weeks or months, proceeding at your pace, which will help you understand your current financial situation and next steps forward to financial clarity and peace of mind.

Your coach is ready to:

- Meet you, learn about you and your family, and guide you from financial uncertainty to financial understanding;
- Work at your pace, with the expectation that you will be able to cover the material, as it applies to your situation, in about four sessions over the next eight weeks or so;
- Provide you advice and suggest options, as your fiduciary. This means that your coach will always put your interests first. You are not obligated to follow this advice and, in most cases, should seek professional advice in your state.

- Answer your questions (there are NO DUMB QUESTIONS); and
- Reschedule your session(s) if you are unable to join for any reason; as a courtesy, please let your coach know in advance.*

Before your first session—Get Acquainted—we encourage you to review the guidebook on your own. Become familiar with the goals and activities in each session. Do not let yourself become overwhelmed with the material; not all of it will apply to your situation. That's why we provide you both a coach and the guidebook—so your coach can guide you from session to session and address the topics that are germane to you.

Let's get started on your path to financial wellness.

**Note: Your coach will attempt to schedule a session every 2-3 weeks to keep you on track. You and your coach will agree on the date and time of each session. If a conflict arises, simply let your coach know and you can reschedule the session. It's important to complete all sessions.*

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SESSION 1
LET'S GET ACQUAINTED

"

"What lies behind us and what lies in front of us are but tiny matters as compared to what lies within us."

~ Ralph Waldo Emerson

OBJECTIVES:

✓ Identify and discuss your "Hot Topics"
✓ Help your financial coach learn more about you, your family, and your current financial situation
✓ Help you understand your options with your spouse's email account(s)
✓ Help you understand your spouse's estate

TOPIC 1 | MY HOT TOPICS

Our first goal is to assist you with some of the things that are keeping you awake at night, causing you distress and fear. You have already shared some of these items with us, but let's review them together now. It is also possible that what is a stressor for you now will be addressed in a subsequent session and that it might be best to wait until then. Let's find out.

ACTIVITY. Please list your Hot Topics below.

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

TOPIC 2 | ABOUT ME AND MY FAMILY

ACTIVITY. Please use the worksheet below to record information about you and your family that may be helpful to your coach.

ABOUT ME AND MY FAMILY WORKSHEET

Name:	
Email:	
Phone - Mobile:	
Phone - Home:	
Street Address:	
City:	
State:	
Zip:	
Employer:	
Job / Title:	
Annual Salary:	
Annual Commissions/Bonus:	
Date of Birth:	
Age:	
Birth State:	
Date of Marriage:	
Location of Marriage - County:	
Location of Marriage - State:	
First Marriage for Both:	
Other:	
FAMILY:	
Parents or Step-Parents, if living:	
Siblings or Step-Siblings, if living:	
Children or Step-Children, if living:	
Grand Children or Step-Grand Children:	

TOPIC 3 | MY FINANCIAL SNAPSHOT

ACTIVITY. Please use the worksheet below to record information about YOUR current financial situation as you understand it. If you are not sure, leave it blank and circle it to revisit later. This information will help you and your coach get a clearer picture of your current financial situation.

MY FINANCIAL SNAPSHOT WORKSHEET

Cash Reserve		
Description	Details	Balance
Checking 1		$
Checking 2		$
Savings 1		$
Savings 2		$
Other		$
Other		$

Real Estate			
Description	Value	Owed	Interest %
Residence	$	$	
Rental Property	$	$	
Other	$	$	
HELOC	$	$	

Investments		
Description	Type	Balance
Investment 1		$
Investment 2		$
Investment 3		$
Investment 4		$
Annuity 1		$
Annuity 2		$
Other		$

Credit Cards			
Description	Limit	Balance	Interest %
Credit Card 1	$	$	
Credit Card 2	$	$	
Credit Card 3	$	$	
Credit Card 4	$	$	
Credit Card 5	$	$	
Credit Card 6	$	$	
Other	$	$	

Retirement Accounts		
Description	Yours	His
401(k) / 403(b)	$	$
Pension	$	$
IRA 1	$	$
IRA 2	$	$
Roth IRA 1	$	$
Roth IRA 2	$	$
Other	$	$
Other	$	$

Autos, Boats, Motorcyles		
Description	Value	Details
Vehicle 1	$	
Vehicle 2	$	
Other	$	
Other	$	

Estate Planning	
Description	Details
Trust	
Will	
Durable POA	
Healthcare POA	
Healthcare Directive	
Guardianship	
Other	

Insurance			
Description	Face Amt.	Premium	Beneficiary
Life 1	$	$	
Life 2	$	$	
Group Term 1	$	$	
Disability 1	$	$	
Group Disability 1	$	$	
Long-Term Care 1	$	$	
Other	$	$	

Home/Auto/Umbrella		
Description	Carrier	Details
Home/Auto/ Umbrella	$	
Other	$	
Other	$	

TOPIC 4 | ABOUT MY SPOUSE

ACTIVITY. Please use the worksheet below to record information about your spouse that may be helpful to your coach.

ABOUT MY SPOUSE WORKSHEET

Decedent's Full Name:	
Aliases:	
Decedent's Birth Date:	
Decedent's Date of Death:	
Decedent's Age:	
Birth State:	
Country or State of Death:	
Mobile Phone #:	
Personal Email:	
Social Media Accounts:	
Veteran:	
Employed at the time of Death:	
Self Employed:	
Last Day of Work:	
Employer:	
Job Title:	

What Do I Do With My Spouse's Email Account(s)?

Did your spouse have one or more email accounts? Do you have access? You may be wondering what to do about this.

As you continue to gather information and settle your spouse's estate, an email account can be very valuable. Most personal business is conducted by email, thus, there is a history that you should not be eager to ignore or dispense with. If you can't find a document, for example, it's possible that it was an email attachment and was never downloaded and printed. The search capability can track down accounts, contacts, and all sorts of valuable information. For this reason, we recommend keeping the email account active, and monitored, for up to 12 months.

While some companies offer a simple way to access and/or delete an email account, others require more information. At the very least you'll likely need to provide a copy of the death certificate. For comprehensive instructions on how to access and/or cancel a Gmail, Yahoo, Outlook, AOL or iCloud account, visit www.everplans.com.

Make sure you've transferred any emails, photos, videos, or other content you want to keep before you cancel the account altogether.

TOPIC 5 | ABOUT MY SPOUSE'S ESTATE

For our purposes, we will assume you have been named the Executor (or Personal Representative) of your spouse's will; the will and all updates (codicils) have been located; and, you have reviewed the will.

However, if you do not have or cannot find your spouse's will, you are encouraged to contact an estate planning attorney to help you settle the estate. If you locate the will and are not named in the will, again, you are encouraged to hire an experienced estate planning attorney.

Even with a will, depending on the size of the estate, settling the estate can be a time-consuming if not overwhelming job, especially if probate court is required. We strongly encourage obtaining legal assistance in the beginning so that it is done lawfully.

1. WHAT IS AN ESTATE?

When your spouse died, all their assets, including real estate, physical possessions and finances, became part of their "gross" estate. These are assets in their name only – assets that they own alone, not jointly. The "net" estate is simply the gross estate less any debt owed, also solely in their name. We'll determine the net estate using the worksheet below.

This is different than your spouse's "probate" estate, because certain assets in the estate may be distributed by contract, by law, or by trust and those assets would be removed from the estate. The "remaining assets" are only those that are considered probate assets.

HOW ARE ASSETS TRANSFERRED AT DEATH? WHAT DOES A WILL CONTROL?

By Contract	• Life Insurance • Pension Plans and Retirement Accounts • Annuities	To Named Beneficiary by Contract
By Law	• Joint Tenant with Survivorship • Pay on Death or Transfer on Death arrangement	To Named Survivor Payee
Assets in Trust	• Trust terms regarding distribution upon death	To Trust Beneficiary
Other Assets: Probate Process	• The Probate Process: prove Will and distribute assets • Testate (per Will) or Intestate (laws determining heirs when no Will)	To Beneficiary or Heirs

This is significant because even if an estate appears large, the value of the remaining/probate assets may be low. This means probate may be simpler or even unnecessary.

For example, let's say Jerry had a $500,000 jointly owned property, a $300,000 bank account for which a payable-on-death (POD) beneficiary has been named, a $100,000 life insurance policy, $50,000 of assets under a Living Trust, and a solely-owned car worth $20,000. At first glance, one might assume that Jerry's estate is valued at $970,000 and therefore subject to probate. However, only his car is a probate asset; his estate would likely be able to avoid probate in most states (each state varies).

2. WHAT IS PROBATE?

If the value of the remaining assets does require probate, there is a process to follow. Probate is the legal process through which ownership and title of your spouse's assets are transferred to others. The court's involvement is to ensure the will is valid and thus the transfers are legally valid. The probate process is not free. Fees vary from state to state, and usually are based on the fair market value of the assets in the estate. It can be a long and costly process. The basic process is provided below.

THE PROBATE PROCESS

Probate is the process of proving a will and executing it according to the decedent's wishes. Almost any asset, no matter how small may be subjected to the probate process after your death.

The Will of the decedent is found and verified as legal. It must be filed with the probate court in the county where the testator (the person who wrote the will) died.

A Personal Representative is appointed by the will or the court. Documents like the Petition for Administration are signed and notarized.

Probate bonds are posted. This acts as insurance that the Personal Representative will fulfill their duties and comply with state laws.

Letters for Administration from the probate court are received. This gives the Personal Representative official authority to take care of the decedent's estate.

Assets are located and protected. All bank accounts, investment portfolios, collectibles, vehicles, real property, and other assets are placed in exclusive control of the Personal Representative.

Assets are appraised based on Date of Death Values and an inventory is filed with the court. Copies may be required for your state's Department of Revenue.

The decedent's creditors are notified. They are given a limited period of time to make a claim against the estate.

The decedent's debts are paid off. Appropriate assets are liquidated and all proceeds are placed in the Estate Account. Real property that isn't bequeathed to a beneficiary can now be sold.

The personal representative must also file the decedent's personal income tax returns for the year in which they died. Any taxes due will be paid from the Estate Account.

The remaining assets are distributed to beneficiaries according to the will. The Personal Representative usually has to get permission from the probate court first.

3. LOCATING AND PROTECTING ASSETS.

Once the Executor or personal representative of the decedent is appointed by the probate judge, the first and often most difficult task is to take inventory of all the decedent's assets in order to protect them.

This process usually requires combing through insurance policies, tax returns, and other documentation left behind. Sometimes an asset may not be named in the will, so this step can take a good amount of detective work.

When it comes to real property (e.g. a hunting cabin with no beneficiary), the personal representative is charged with ensuring the property taxes are paid, insurance policies don't lapse, the property is secured against break-ins if vacant, and mortgage payments and/or association fees are paid so that the property doesn't go into foreclosure.

All bank accounts, investment portfolios, collectibles, vehicles, and other assets must be placed in exclusive control of the personal representative and protected. Insurance on all assets should be verified with existing insurance companies (car, home, etc.).

Once all the assets have been accounted for, many states require the personal representative to submit a written report listing everything along with its appraised value, noting how the value was calculated. The inventory of assets is filed with the Probate Court and depending on your state's statute, a copy may be required for the Department of Revenue for tax purposes.

Let's see if we can get an idea of the size of your spouse's estate.

ACTIVITY. Please use the worksheet below to record your spouse's assets and liabilities. DO NOT INCLUDE ANY ASSETS OWNED BY YOU ALONE OR OWNED JOINTLY; DO NOT INCLUDE ANY LIABILITIES OWNED BY YOU ALONE OR OWNED JOINTLY. (Note: Medical bills are usually treated as joint liabilities; please don't list them here.)

ABOUT MY SPOUSE'S ESTATE WORKSHEET

ASSETS

Checking & Savings Accounts		
Description	Checking	Savings
Institution		
Balance	$	$
Institution		
Balance	$	$
Institution		
Balance	$	$
Institution		
Balance	$	$

Investment Accounts	
Description	Details
Institution	
Type	
Balance	$
Institution	
Type	
Balance	$
Institution	
Type	
Balance	$

LIABILITIES

Mortgage & Rent		
Description	Mortgage	Rent
Debt Type		
Amount Owed	$	$
Creditor		
Debt Type		
Amount Owed	$	$
Creditor		
Debt Type		
Amount Owed	$	$
Creditor		

Credit Cards	
Description	Details
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	

Real Estate & Property (including vehicle(s))

Description	Real Estate	Property
Property Type		
Location		
Current Value	$	$
Property Type		
Location		
Current Value	$	$
Property Type		
Location		
Current Value	$	$
Property Type		
Location		
Current Value	$	$

Car

Description	Details	
Amount Owed	$	$
Creditor		
Amount Owed	$	$
Creditor		

Utilities

Description	Details	
Amount Owed	$	$
Creditor		
Amount Owed	$	$
Creditor		
Amount Owed	$	$
Creditor		

Other Assets

Description	Details
Asset Type	
Current Value	$
Asset Type	
Current Value	$
Asset Type	
Current Value	$
Asset Type	
Current Value	$
Asset Type	
Current Value	$

Other Liabilities

Description	Details
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	
Amount Owed	$
Creditor	

4. MY NEXT STEPS.

There are two possible outcomes:

1. The estate is solvent, meaning there are more assets than liabilities and all debts can be paid and the remaining assets can be distributed; or,

2. The estate is insolvent, meaning there are more liabilities than assets and all debts cannot be paid, at least without the liquidation of assets (e.g. without selling property).

IN BOTH CASES, YOU WILL NEED TO CONSULT AN ESTATE PLANNING OR PROBATE ATTORNEY. DO NOT ATTEMPT TO DO THIS ON YOUR OWN. IT IS UNLAWFUL TO PAY ONE CREDITOR IN FULL AND NOT PAY OTHERS IN FULL. PROBATE COURT WOULD DETERMINE HOW MUCH EACH CREDITOR IS TO RECEIVE AND HOW.

To learn more, visit www.investopedia.com/trust-and-estate-planning-4689684

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
	I have identified my Hot Topics	
	I have completed the "About Me and My Family" worksheet	
	I have completed the "My Financial Snapshot" worksheet	
	I have completed the "About My Spouse" worksheet	
	I have reviewed and understand the options for managing my spouse's email account(s)	
	I have completed the "About My Spouse's Estate" worksheet	
	I have or will contact an estate planning or probate attorney to determine next steps	

MY NOTES

SESSION 2
LET'S GET ORGANIZED

"Be content to progress in slow steps until you have legs to run and wings with which to fly."

~ Padre Pio

OBJECTIVES:

- ✓ Help you access and review your and your spouse's credit reports
- ✓ Help you identify and resolve any discrepancies with the credit reporting agencies
- ✓ Help you understand the benefits of credit freezes and fraud alerts
- ✓ Help you obtain your credit score and ensure you understand how to improve your score if necessary
- ✓ Help you protect yourself from identify theft and learn what to do if you become a victim
- ✓ Help you identify and organize important documents
- ✓ Help you organize your bills and understand what bills you are responsible for paying
- ✓ Help you understand how to work with creditors to reduce the negative impact to your credit score
- ✓ Help you consider ways to consolidate and simplify accounts and services to save you money
- ✓ Help you manage your login credentials

TOPIC 1 | SAFEGUARDING MY CREDIT & PROTECTING MY IDENTITY

The following content is provided as general information. It cannot replace a consultation with a financial advisor or credit specialist in your state.

1. MY CREDIT.

We are going to discuss your and your spouse's credit records for important reasons. First, you need to review your credit report to identify and resolve discrepancies; this will help build your credit score. Second, you need to protect your credit and ensure criminals don't take advantage of your spouse's credit history. Finally, reviewing your spouse's credit report gives you the most accurate inventory of your spouse's open (and closed) accounts.

"I need to find an exorcist or a ghost-buster. I'm being haunted by my past credit history!"

The fact is that often the surviving spouse's credit score decreases after the loss, which just isn't fair but that's what happens. This can be overcome relatively easily. Also, after a loss, both spouses are often targeted by bad actors soon after a loss for nefarious purposes. Having your identity or credit stolen is not so easily overcome. We don't want this to happen to you, so let's talk about how you can minimize this possibility.

Understanding Credit Basics.

Your credit record is an account of your personal financial history. Credit records are used to determine whether you can get a car loan, apartment, mortgage, new credit card, or in some cases, a job. That is why it's important to check your credit record at least once a year to make sure it's correct and that you are familiar with all the information in it.

Your credit record includes basic information: your name, date of birth, Social Security number, current and previous addresses, and employment information. It also includes a list of all the loans and credit accounts you have had for the last seven years, including every late or missed payment. Your credit record will also include financial judgments made against you in court. Bankruptcy, foreclosure, and legal judgments against you may also be reported as public record. Some of this information has a bearing on your credit score, so you want to be sure it's accurate.

Do Inquiries Hurt My Credit Score?

The credit report also lists the names of those who obtained information from the credit report for the past two years. "Hard inquiries" result from attempts to apply for credit and do impact your credit score. "Soft inquiries," like a background check for a job do not impact your credit score.

Looking for mortgage, auto, or education loans can result in multiple lenders looking at your credit report. Your credit score doesn't factor in any mortgage, auto, or education loan inquiries made in the 30 days prior to scoring. These inquiries made prior to the 30 days are lumped together if they fall within a typical shopping period (45 days under the new scoring formula). This helps to ensure that rate shopping won't affect your score.

ACTIVITY. Please try to complete the activity below on your own. Your coach will help you if you are unable to complete this activity.

ACTIVITY
Instructions for accessing your and your spouse's credit reports

1. Log on to www.annualcreditreport.com
2. Click the red button, "Request Your Free Credit Reports"
3. Click next red button, "Request Your Credit Reports"
4. Complete the form and click "Next"
5. Select the credit reports you wish to review (select a minimum of two so you can compare them); click "Next"
6. Verify information; add email and phone number and click "I Accept & Continue"
7. You will be asked how you want to receive your passcode, good for 15 minutes. Choose "Text Message" or "Phone Call," then click "Agree and Send Passcode"
8. Enter your five-digit passcode; click "Verify My Identity"
9. You will be taken to the first credit report you chose
10. Carefully review your credit report
11. Print a copy of your credit report; you can also save it as a PDF file to your laptop
12. You initiate a dispute by clicking "Start a dispute request online." You will be taken to a page to create a user account
13. When you are ready to move to the next credit report, click the red button at the top of the page, "Get Your Next Report"
14. When you are done pulling and reviewing at least two

Every U.S. citizen is entitled to a free credit report every week (this can and does vary) from each of the three main credit reporting bureaus: Equifax, Experian, and TransUnion.

To get started, visit www.AnnualCreditReport.com, which is the only source of free credit reports authorized by the U.S. government. AnnualCreditReport.com is a centralized service that allows consumers to request free annual credit reports.

If you do not have access to a computer or the internet, call 877-322-8228 to get started. You can also contact each bureau separately.

	EQUIFAX	EXPERIAN	TRANSUNION
ONLINE	equifax.com/personal/disputes	experian.com/disputes	transunion.com/credit-freeze/place-credit-freeze
MAIL	Mail letter explaining mistakes and completed dispute form	Mail letter explaining mistakes	Mail letter explaining mistakes and completed dispute form
	Dispute form: equifax.com/cp/MailInDisclosureRequest.pdf	**Dispute form:** None needed	**Dispute form:** transunion.com/docs/rev/personal/InvestigationRequest.pdf
	Mail to: Equifax Information Services LLC P.O. Box 740256 Atlanta, GA 30348	**Mail to:** Experian P.O. Box 4500 Allen, TX 75013	**Mail to:** TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016
PHONE	(800) 864-2978	(888) 397-3742	(800) 916-8800

What to Look for When Reviewing Your Credit Reports.

Now that you have a report on your screen or have printed it out to review, look for the following:

- Review all basic information, including name(s), addresses, employers, etc. You don't want to find an address you've never lived at or a name you've never used. Should you find such errors, submit a dispute.
- Review your payment history on open and active accounts. You want to see "green," which means you are paying on time. Should you find a report of a late or missed payment, submit a dispute if you can support your claim.
- Is there an open and active account that should be closed? If so, submitting a dispute is not required; simply contact the creditor directly and close the account.
- Have new accounts you don't recognize been recently opened? If so, do not submit a dispute, but rather contact the creditor directly immediately. You may be dealing with fraudulent activity.

GOOD TO KNOW.

Reviewing your spouse's credit report(s) may be the only way to get an accurate inventory of your spouse's accounts. In this case, you are looking for one thing only: open and active accounts in their name that need to be closed. Contacting the creditor directly by phone is usually sufficient, though providing a death certificate may be required in some cases. If you observe accounts opened after the date of death, you may be dealing with fraudulent activity and you need to call the creditor immediately.

Submitting a Dispute.

Modern credit reports include information on your consumer rights, including instructions for disputing any inaccurate or outdated information contained in your report. Reporting companies and the three agencies do make mistakes, so it's important to check regularly and dispute anything that is incorrect. It's your credit, so take control of it.

You can submit a dispute to the credit reporting company by phone, by mail, or online (see chart above). Explain the error and what you want changed. Clearly identify each mistake separately, state the facts, explain why you are disputing the information, and request that it be removed or corrected.

Some of the credit reporting companies provide a dispute form you can use. This may be the easiest option.

If you're mailing the dispute information, it's a good idea to use certified mail with a return receipt requested, if that's available to you. That way, the post office will send a postcard telling you when your dispute letter was delivered.

Make sure you also include copies of all of your supporting documentation. Keep your originals. You can also choose to send a copy of the dispute to the business or individual that provided the incorrect information (furnisher). You can usually find that address on your credit report.

The credit reporting company generally has 30 calendar days (45 days in some cases) to investigate your dispute. They have five business days to notify you of the results once the investigation is complete. If the error is fixed, you'll receive a copy of your updated credit report, which doesn't count as your free annual report. If, as a result of your dispute, a furnisher determines they sent the wrong information to a credit reporting company, they must send the correction to various credit reporting companies to which they had provided the incorrect information.

2. USING CREDIT FREEZES AND FRAUD ALERTS.

A credit freeze, sometimes called a security freeze, is often a free tool you can use to help protect yourself from credit fraud. A credit freeze blocks most companies from accessing your credit report until you lift it ("thaw" your credit freeze).

When you freeze your credit reports, it makes it harder for criminals who may have stolen your personal credentials (account numbers, passwords, Social Security number, and the like) to commit credit fraud by taking out loans or credit cards in your name.

"The bank found suspicious activity on my credit card. It was being used responsibly to buy necessary things."

A credit freeze prevents what's typically a lender's first step in processing a credit application—checking your creditworthiness by reviewing your credit reports or requesting a credit score based on those reports. Because the lender is not able to complete this crucial step, having credit freezes in place at the three national credit bureaus (Experian, TransUnion, and Equifax) effectively prevents processing of any credit application in your name.

While this can be effective at preventing unauthorized credit applications, it can make life a little more challenging when you submit a legitimate loan or credit card application. To allow a lender to process your application, you will need to thaw your credit freezes any time you apply for a loan or credit card account.

Does a Credit Freeze Affect My Credit Score?

A credit freeze has no impact on your credit score or on your ability to qualify for loans or credit cards. But because credit freezes prevent lenders from evaluating credit to process applications, they can hinder your ability to access new credit. You must thaw your credit before you apply for a loan or credit cards, or lenders will be unable to determine your creditworthiness and decide what kind of credit offer to make you. Failure to lift your credit freeze beforehand could mean delays in your credit applications.

When Should I Unfreeze My Credit?

You should unfreeze your credit report any time you plan to apply for credit, to give lenders access to your credit reports and credit scores. Be sure to lift your freezes at all three credit bureaus, because lenders may work with any bureau (or all three) when checking your credit.

Fraud Alert is a Credit Freeze Alternative.

If you are contemplating freezing your credit, you should be aware of another way to help protect your credit from fraud. A fraud alert is a temporary measure that expires on its own in one year or in seven years, depending on the type of alert you request.

Rather than blocking all access to your credit report the way a credit freeze does, a fraud alert gives lenders access to your report and scores, but asks them to verify your identity before processing any credit or loan applications made using your name.

A fraud alert provides a more convenient and potentially safer option compared with the process of lifting and reapplying credit freezes at all three credit bureaus any time you need to allow access to your report and scores. A fraud alert stays in place while you continue to use your credit as normal, and you do not need to worry about lifting it, as you would with a credit freeze.

In addition, requesting a fraud alert at any one of the three credit bureaus (Experian, TransUnion, or Equifax) automatically places an alert at all three bureaus. If you choose to remove a fraud alert before it expires, however, you will need to do so with each bureau separately.

To learn more, visit www.consumer.ftc.gov/articles/what-know-about-credit-freezes-fraud-alerts.

3. MY CREDIT SCORE.

What is a Credit Score?

There are many types of credit scores. FICO™ developed the predominant score model. It is a general risk score that indicates the probability of default. The FICO® Score ranges from 300-850. Your credit is considered poor below 580; ideally, you would like your score to be above 670.

"Look at the bright side. Bad credit is your best protection against identity theft."

Getting Your Score.

Typically, we recommend getting your FICO™ score from www.myfico.com, where you will have to pay a fee to access your score. Credit score regulations require lenders to offer a free credit score if they deny your request for credit or take adverse action based on your credit score.

Ways to Improve Your Credit Score.

Below are some general tips for improving credit scores:

- Review credit reports regularly. An accurate report will be an honest representation of a consumer's history. Take control of yours.
- Pay bills on time. More recent negative marks on a credit report are worse than problems that occurred years ago. For example, an account that has been delinquent in the past six months will do more damage than a similar delinquency five years earlier. It's never too late to begin improving your score.
- Reduce your overall debt. The goal should be to not max out your revolving or open lines of credit. Some experts advise not more than 50%, some say 35% as the maximum utilization level.
- Keep older accounts. When choosing to close accounts, older accounts with good history are the ones to keep.
- Limit the number of inquiries. Apply for credit only when necessary and get your credit report in advance. When shopping for a new car or mortgage, make all applications within a 14-day period so the inquires only count as one.

ACTIVITY. Visit www.myfico.com and obtain your credit score. You may also visit any one of the three credit agencies and retrieve your score for a small fee. You can't begin to build credit if you don't know what your score is today.

To learn more, visit www.nerdwallet.com/article/finance/raise-credit-score-fast.

4. PROTECTING MY IDENTITY.

Identity theft has been called the fastest-growing crime in the United States, with over seventeen million victims each year. As a recent widow, you are at a higher risk than average if the death of your spouse was made public, i.e. in an obituary. Along with reviewing your credit reports and freezing your credit, you should take additional precautionary steps to safeguard your identity.

While no one can be 100% safe from identity fraud, the key actions recommended should help to minimize the risks or the pain of becoming a victim of identity fraud.

Avoiding identity theft is not simple, but there are several commonsense things consumers can do.

ACTIVITY. Review the following list of preventative measures you can take right now to better protect your identity from cyber criminals. Check at least five items where you can take action immediately.

- [ ] Keep personal information in a safe place, such as a safe or lock box, and avoid storing documents in easily accessible places like vehicle glove boxes or day planners.
- [ ] Report lost or stolen cards and checks immediately.
- [ ] File a police report immediately, indicating the information that was stolen.
- [ ] Photocopy all the contents of your wallet. Copy both sides of each license, credit card, etc. This way, you will know what you had in your wallet if it is stolen, and you will have all the account numbers and phone numbers to call and report the theft. Keep photocopies in a safe place, such as a fireproof lock box, safe, or safety deposit box. Also photocopy your passport.
- [ ] File your tax return as soon as possible to avoid the potential for an ID thief to intercept your refund.
- [ ] Cancel and cut up unused credit cards or keep them in a fire-proof lock box or safe.
- [ ] Do not sign the back of your credit cards—instead, put "Photo ID Required"
- [ ] Don't give your Social Security or account numbers over the phone to anyone who has called you, or to anyone you don't know. (Demand to know why your information is needed and how it will be used.)
- [ ] Shred documents that contain personal information (bank statements, credit solicitations, tax notices, investment statements, etc.).
- [ ] Cancel your paper bills and statements wherever possible, and instead have your statements sent to you online and pay bills online.
- [ ] If you must use paper statements and receive them in the mail, pay attention to your billing cycles. File them in chronological order and then you'll know when one is missing.

- Follow up with your creditors when your bills don't arrive on time—it may be a sign that your address was changed by an identity thief who has taken over your account.

- Do not place outgoing mail in your mailbox. Deposit mail in a U.S. mailbox or at the post office to reduce the chance of mail theft.

- Monitor your statements for unauthorized charges and dispute them immediately.

- Refrain from carrying unnecessary information, such as PINs, passwords, or Social Security numbers, in your wallet or purse.

- Keep highly sensitive financial information (such as bank statements, log-ins for online banking accounts, ATM card PINs, or paper checks) away from where others, including family members, friends, neighbors, and domestic employees, could potentially access it.

- Put passwords on your credit, bank, and phone accounts. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number, phone number, or a series of consecutive numbers.

- When you order checks, have only your initials of your first and middle name with last name put on them. If someone takes your checkbook, they will not know if you sign your checks with your initials or your first name, but your bank will.

- Store new and cancelled checks safely. Also, only carry your checkbook with you when necessary.

- Have your new checks mailed to a P.O. Box, if possible.

- When writing out checks, do not put the full account number in the memo section—only put the last four numbers.

- Retrieve paper mail promptly and deposit mail with sensitive information in a secure outgoing mailbox. Get a locking mailbox for your home if you are unable to retrieve it quickly.

- Forward mail to a local post office when on vacation or business trips, or have a trusted neighbor pick up your mail.

- Find out who can access your personal information at work and verify that access is strictly controlled.

- When responding to email from financial institutions, ignore any Internet links provided and type the known address instead, or call them through their 800 number.

- Use and regularly update your computer's firewall, anti-spyware, and anti-virus software.

- Order a copy of your credit report by taking advantage of the free annual report from all three credit bureaus at www.annualcreditreport.com. It is recommended that you check your credit report often.

- Place credit freezes on your credit at all three credit bureaus.

- If possible, pull your spouse's credit reports and review for suspicious activity; consider placing a credit freeze on your spouse's credit at all three credit bureaus.

- Don't register while visiting websites or participate in phone surveys, marketing surveys, or contests (e.g. the car drawing at the mall). Once a company buys a list with your information, you will become a target of their marketing campaign, and this creates one more source for identity thieves to find and steal your personal information.

- Opt out of pre-screened or pre-approved credit offers. Contact the National Consumer Credit Reporting Agencies by calling 1-888-5OPT-OUT or 1-888-567-8688. They can stop the selling of your personal information to creditors for the purpose of pre-approved offers.

- Remove your name and your spouse's name from marketing lists. The Direct Marketing Association (DMA) is responsible for notifying its members that they must remove your name from lists they sell. Your name and address remain in the DMA's consumer exclusion files for five years. Contact them at www.dmachoice.org for more information

- To remove your spouse, visit https://www.ims-dm.com/cgi/ddnc.php to add their name to the Deceased Do Not Contact List (DDNC). This is updated monthly.

- When using social networking sites, take care to ensure the privacy of your personal information and limit what you share. Know the people with whom you are communicating, and only allow trusted individuals to access your profile.

- **Cancel your spouse's driver license at your local Department of Motor Vehicles by visiting your local DMV.** Do not trust this will be done automatically. You will need a certified copy of the death certificate.

- Consider buying a shredder. You will continue to receive all kinds of ongoing mail addressed to your spouse. Most can be discarded, but please don't throw these things in your garbage. It's important to shred these documents to thwart the dumpster divers and trash thieves that would like to take advantage of your situation. Don't let them!

What to Do if You Are a Victim.

If any of your personal identifying information (social security number, financial account numbers, and/or password; birth date; name; address and telephone number) has been lost or stolen, or if you suspect that your personal information has been used to commit fraud or identity theft, take immediate action. Reporting this identity theft immediately and keeping detailed records of your actions are important and can reduce the time it takes to help resolve this crime.

Keep Accurate Records.

Accurate and complete records will greatly improve your chances of resolving your identity theft case:

- Follow up in writing with all contacts you have made by phone or in person. Use certified mail, return receipt requested.
- Keep copies of all correspondence or forms you send.
- Keep a log and write down the name of anyone you talk to, what they told you, and the date and time of the conversation.
- Keep the originals of supporting documentation, like police reports, and letters to and from creditors; send copies only.
- Set up a filing system for easy access to your paperwork.
- Keep old files even if you believe your case is closed. One of the most difficult and annoying aspects of identity theft is that errors can reappear on your credit reports, or your information can be re-circulated. Should this happen, you'll be glad you kept your files.

Top Five Steps to Take.

1. Place a fraud alert on your credit by contacting one of the major credit reporting agencies (if you haven't done so already).

2. File a police report with your local law enforcement agency (police department or sheriff's department where the fraud occurred).

3. Call your creditors and banks immediately; close any of your open accounts and obtain new account numbers with new PINs and passwords. Close all fraudulent accounts opened in your name.

4. Send an ID Theft Affidavit* (certified mail, return receipt requested) to creditors, banks, collection agencies, and credit reporting agencies to notify them of your case.

5. File a complaint with the Federal Trade Commission (FTC). Call the FTC's Identity Theft Hotline at 1-877-IDTHEFT (1-877-438-4338) or visit their website at www.consumer.gov/idtheft. The FTC keeps a database of identity theft cases that is used by many law enforcement agencies.

While resolving credit problems resulting from identity theft can be time consuming and frustrating, the good news is, there are procedures under the federal laws for correcting credit report and billing errors and stopping debt collectors from contacting you about debts you don't owe.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed my credit reports from at least two of the three credit reporting agencies	
☐	I have disputed any discrepancies found	
☐	I understand freeze and fraud alert options and how they can be helpful to protect my credit	
☐	I have reviewed my spouse's credit reports from at least two of the three credit agencies (if possible)	
☐	I have contacted the creditors for any accounts listed on either credit report that are open and active, but should be closed	
☐	I have reviewed my credit score	
☐	I understand how to improve my credit score	
☐	I have reviewed the actions I can take to better protect myself against identity theft	
☐	I have cancelled my spouse's driver license at the DMV	

MY NOTES

TOPIC 2 | MY IMPORTANT DOCUMENTS

The following content is provided as general information. It is not intended to replace a consultation with a financial advisor in your state.

1. IDENTIFYING MY IMPORTANT DOCUMENTS.

Some people use filing systems to organize their bills, statements, important papers, and various other documents; others do not. Those who do use some sort of filing system will fare better following the loss of a spouse. The weeks and months following a death are confusing enough— you will simply add to the chaos by throwing everything into a box or allowing things to pile up on the dining room table. It's important that you find important documents and then find a "home" for them, using file folders.

DON'T AGONIZE. ORGANIZE!

If you are missing vital documents, visit www.usa.gov/replace-vital-documents for helpful instructions about how to replace these important records.

ACTIVITY. Please review and complete the worksheet below; not all documents listed will apply to you. Some legal documents, like a power of attorney or certificate of trust, may be located in a file cabinet at home, with your attorney, and maybe in a safe deposit box at the bank.

MY IMPORTANT DOCUMENTS WORKSHEET

Description	Found & Filed	Details
Marriage Certificate		
Birth Certificate		
Last Will and Testament		
Living Trust		
Insurance Trust (ILIT)		
Charitable Trust		
Minor's Trust		
General Power of Attorney		
Medical Power of Attorney		
Medical Directive		
Custodial Account		
Donor Advised Fund		
Prenuptial Agreement		
Post-Nuptial Agreement		
Divorce Decree or Settlement		
Citizenship Papers		
Child Support Agreement		
Adoption Papers		
Organ Donation Form		
Burial or Pre-Need Agreement		
Certificate of Military Discharge (DD Form 214)		
Tax Returns (retain last 3 years)		
Deeds to Real Property		
Auto & Home Insurance Policies		

MY IMPORTANT DOCUMENTS WORKSHEET

Description	Found & Filed	Details
Vehicle Titles and Registrations		
Leased Vehicle Contract		
Other Titles (boat, motorcycle)		
Brokerage/Investment Statement(s) (CDs, IRA, Roth IRA)		
Annuity Contracts and Statement(s)		
HSA (Healthcare Savings Account) Statement(s)		
Medical Insurance Statement(s)		
Bank or Credit Union Statements (checking, savings, line of credit)		
Safe Deposit Box Inventory		
Home Safe Inventory		
Savings Bonds		
Stock Certificates		
Airline Frequent Flyer Statements		
List of Medications (taken regularly)		
Other		

GOOD TO KNOW.

By this time, you've likely received original copies of the death certificate, most likely from the funeral director. You need originals (raised seal) for some agencies while photocopies are just fine for others. You should have 10-12 originals to get started. If you need more originals, you can request them from the funeral home or your local county clerk's office. Make sure you keep one original to make photocopies.

2. ORGANIZING MY IMPORTANT DOCUMENTS.

Some people are naturally organized. Their papers are organized and they're easily able to find important documents. For many others, that is not the case. How organized are your important documents? Ask yourself these five questions:

1. If your doctor asked, would you be able to provide a complete and accurate list of all your medications, including name, dosage, and how long you've been taking them?
2. Do you know who you named as the beneficiaries for your retirement savings plan(s) and life insurance policies?
3. Do you have a will and is it current?
4. Would someone be able to access your important online accounts if you became incapacitated?
5. Do you have a trusted family member or friend who is familiar with your financial assets and obligations?

"I am not disorganized — I know *exactly* where everything is! The newer stuff is on top and the older stuff is on the bottom."

You should be able to answer "Yes" to every one of these questions. If not, we have some help for you.

To help you create the perfect filing system for your important records, please see Appendix A.

Store Your Important Documents Securely.

Most of the important documents listed above include personal information that you would never want strangers to see.

- If you are storing these at home, be sure to store the documents in a secure place. You might keep your important documents or files in a locked desk drawer or locked file cabinet. Keep the key with you in your purse or wallet and find another safe location in your home for the second key. Just make sure to remember where you put them!
- If you are storing important documents electronically, make sure you store them securely. Set a strong password on every account, especially accounts where you might receive or send personal information.
- You might decide to store your important original documents in a safe deposit box at the bank. That way they'll be protected in the event of a flood or fire in your home. But keep photocopies and the key to your safe deposit box in a secure location in your home so that you can access the information easily when you need it. Everything in the safe deposit box should be clearly listed and updated regularly.
- If you worked with an attorney to draft your will or powers of attorney, they might (should!) keep copies of these on file. You may decide to keep all original legal documents in a safe, accessible place in your home.
- It is a good idea to give copies of your powers of attorney and living will to a few trusted individuals, such as your spouse, adult child(ren), or a close friend who may help to provide care for you as you get older. Or you could let these trusted individuals know where these documents may be found.
- It's a very good idea to let a trusted family member or friend know where to find your personal documents and keys, and how to access your email and cloud storage accounts in case something happens to you. We encourage you to create a Legacy File where all this information can be easily found.

How Long Should I Keep Important Documents?

Generally, you should not let documents pile up year after year. Documents you may need during the current year should be kept close and convenient; documents from past years should be safely stored elsewhere. We've provided some guidelines below.

HOW LONG TO KEEP DOCUMENTS

Document	Keep It For	Where to Keep it		
		Home File / Electronic	Safe Deposit Box / Home Safe	Attorney / Financial Professional
Adoption Agreement	Life	Copy	Original	Copy
Appraisal Records	Life of property	Copy		
Automobile Title	Life of auto	Copy	Original	
Bills Statements (i.e. Utilities)	1 year or more if desired	Copy		
Birth Certificate	Life	Copy	Original	
Bank and Credit Card Statements	3 years if closed 5 years if open	Copy		
Death Certificate	Life	Copy	Original	Copy
Divorce Decree/Marital Settlement Agreement	Life	Copy	Original	Copy
Income Tax Returns/ Payment Checks	7 years	Copy		Copy
Insurance Policies	Until termination of policy	Copy	Original	Copy
Investment Statements	Life of investments - 3 years if closed	Copy		Copy
List of Safe Deposit Box Contents	Life	Copy		
Household Inventory (Photos, Serial Numbers, etc.)	Life	Copy	Copy	

HOW LONG TO KEEP DOCUMENTS

Document	Keep It For	Where to Keep it		
		Home File / Electronic	Safe Deposit Box / Home Safe	Attorney / Financial Professional
Loan Agreements (i.e. Car, Mortage)	3 years past final payment	Copy	Original	Copy
Medical Bills	3 years	Copy		
Military Service Records	Life	Copy	Original	Copy
Property Titles	Life of Property	Copy	Original	
Retirement Statements	Life of investments - 3 years if closed	Copy		Copy
Registration Documents	Life	Copy	Original	Copy
Social Security Numbers	Life	Copy	Original	
Wills and Trust Agreements	Life or until upated	Copy	Original	Copy

3. MANAGING MY BILLS & DEBT.

This topic is a precursor for some of our future discussion, but it also pertains to what we have been discussing for most of this session—your credit! Maintaining and protecting your excellent credit is to your advantage. Therefore, it is prudent to pay your bills on time, minimize debt, and work with creditors if your situation changes.

It is likely that your financial situation changed with the death of your spouse.

"I was hit by a financial tidalwave and now I'm drowning in debt. Is it too late to get flood insurance?!"

If you depended on your spouse's income to pay the bills, you may have had to come up with another plan to stay current. If you were short, perhaps you drew from savings. Perhaps life insurance proceeds are helping supplement your income and you are staying current for now. Without either, you may have fallen behind in paying your bills. Ultimately, you may need to adjust your spending to align with your income (we'll look at this later).

If you're ahead of the curve and past-due bills are not an issue, you can skip this. Otherwise, it's important to take an in-depth look at your finances, especially your expenses, including any past due bills. If bills remain past due, first come the late notices from creditors, then collections. We never want anything to go to a collection agency; they are ruthless and do not much care what put you in this situation. They have been hired to get your money. So, if you are struggling with bills, the first thing you must do is contact your creditors. They are much more likely to work out a payment plan with you than will a collection agency. Not paying bills on time will also negatively impact your credit and the credit record you're trying hard to maintain and protect and, ultimately, improve. You have been through a difficult time. Falling behind is understandable; getting back on track is desirable.

If you have a stack of unopened mail, please find quiet time to get to this. The clock is ticking! It's easier to ignore the growing stack, but there is no ignoring the consequences. Take one envelope at a time, extract the contents, and review. If it's a bill, you put it in one of the two bill piles: your spouse's bills and everything else. Sort the two piles so that the oldest bills are on top; these are your top priority! If it's a form to be completed, set it aside for now. If it's something that you need to file, do so. You will be receiving much mail in the aftermath of your loss. It's so important you allot time each day to work through it and not let it all pile up until it becomes absolutely overwhelming and you lose your mind.

GOOD TO KNOW.

We recommend keeping a journal or record of who you've spoken to and when, especially when talking with creditors. If you don't write it down, you will likely forget. Make copies of any applications or forms you complete and all correspondence you send out. It will be much easier to track what you've accomplished and what is still left to do. It might be helpful to circle the things you must do next – action items – so they are easy to spot when three months later you realized your forgot to do something.

ACTIVITY. Please review and complete the worksheet below. Circle the bills that are past due. Please don't list any bills/debts that you believe to be your spouse's estate's responsibility (you've already done that).

MY BILLS & DEBTS WORKSHEET

Bill Description		When Paid	How Paid	How Much
Example: Mortgage		*Monthly (M)* *Quarterly (Q)* *Annually (A)*	*Automatic Withdrawal*	*$1,200*
Mortgage/Rent				$
Home Equity Loan/Line of Credit				$
HOA				$
Property Taxes				$
Personal Loans	Car Loan 1			$
	Car Loan 2			$
	Personal Loan 1			$
	Personal Loan 2			$
	Student Loan			$
	Other Loan			$

MY BILLS & DEBTS WORKSHEET

Bill Description		When Paid	How Paid	How Much
Healthcare	Doctor Bills			$
	In-Home Services			$
	Medical Equipment			$
	Medicines			$
	Other			$
Credit Card	Credit Card 1			$
	Credit Card 2			$
	Credit Card 3			$
	Credit Card 4			$
	Credit Card 5			$
	Credit Card 6			$
Insurance	Homeowner's			$
	Renter's			$
	Car			$
	Health			$
	Life			$
	Other			$
Utilities	Electric			$
	Water			$
	Trash			$
	Oil/Gas			$
	Internet/ Cable			$
	Phone			$
	Cell			$
	Other			$

MY BILLS & DEBTS WORKSHEET

Bill Description		When Paid	How Paid	How Much
Services/Memberships	Child Care			$
	Lawn Care			$
	Pest Control			$
	Snow Removal			$
	Home Security			$
	Gym			$
	Newspaper			$
	Other			$
Pets	Food			$
	Veterinary			$
	Medicines			$
	Other			$
Other				$
				$
				$
				$
				$

Cancel Recurring Memberships, Prescriptions, and Subscriptions.

During this exercise, you may have realized there were bills for services you simply no longer need to pay for, like your spouse's subscription to GQ magazine or season tickets. Let's ensure those recurring expenses are NOT listed above and then let's do one better: contact the company or organization to cancel. Instant savings!

GOOD TO KNOW.
There is an app called Trim (www.asktrim.com) that can help you "trim" unwanted recurring expenses from your budget. Just upload a copy of your credit card bill(s) and Trim analyzes your transactions to find all your recurring subscriptions. Trim texts you to get permission to cancel any subscriptions it finds. This is not a free service.

Cancelling and Consolidating Accounts.

We discussed closing your spouse's "open and active" accounts previously, but it's worth another mention now that you've completed the last activity (My Bills and Debts Worksheet). Are there open and active joint accounts that you simply could, and maybe should, close? For example, do you need six streaming services; would three be sufficient? Do you need the daily newspaper; would the weekend edition be just fine? A quick peak in your wallet suggests you have 13 credit cards; could you consolidate to six? This is an opportune time to simplify and save money.

Changing Utility Accounts to Your Name.

If the utility bills (gas, electric, internet/cable, trash removal, sewer/water) are not in your name already, this is a good time to grab the bill, call the customer service number on the bill, and inform them that the name on the bill should be changed.

Will anything happen if you don't? No, but there is a reason to do so. You may move out of your home at some point in the future. And when you do, you must cancel your current utilities and/or transfer them to a new address. The process to cancel/transfer utilities in the future is easier if you have a utility payment history and prior accounts in your name. If you try to open new utility accounts after a move and your old accounts still list your deceased spouse's name, you might be required to pay unnecessary deposits.

To keep track of your utilities, use the My Utilities worksheet, Appendix B.

GOOD TO KNOW.
How about an idea to pay bills when due and improve your credit at the same time? Here's how it works: set up your credit card to be charged each month for the utility expenses; a few days later you use your online banking's bill pay feature to automatically pay your credit card minimum. You're able to improve your credit score, earn credit card perks (like airline miles), and automatically pay your bills (and never be late) all at the same time.

What About My Rental Lease?

If your name is on the lease, you are liable for the rent through the end of the lease. If the only name on the lease is your spouse's, you'll have to determine if you want to stay or leave. Contact the landlord and ask if you can take on the lease or start a new one, assuming you want to stay. Otherwise, inform the landlord of your intention to leave. Your lease may require a 30- or 60-day notice to vacate, so review your lease agreement before contacting the landlord.

What if Debt Collectors Come Calling?

It's not that they don't perform a necessary function for creditors, but if you can avoid them all the better. You do that by working directly with creditors before it becomes necessary for them to send your account to collections. Still, it will take time to work through your spouse's accounts and there is a possibility one of your spouse's creditors will get fed up and let the dogs lose. Not to worry. You have rights and protections.

If you receive harassing phone calls from debt collectors, you have the right to request that they cease contact. The best way to do this is with a written request via certified mail. This gives you a receipt of your mailing and verification the letter was delivered.

For more information, visit www.bankrate.com/personal-finanace/debt/how-to-deal-with-debt-collectors or www.consumerfinance.gov/ask-cfpb/what-should-I-do-when-a-debt-collector-contacts-me-en-1695/.

4. MANAGING MY PASSWORDS.

Passwords are the key to almost everything you do online, and you probably have multiple passwords that you use throughout the day. Choosing hard-to-hack passwords and managing them securely can sometimes seem inconvenient. Fortunately, there are simple ways to make your passwords as secure as possible. Doing so can keep hackers from taking over your accounts, prevent theft of your information, and help protect your identity.

"If I were you, I'd choose a simpler security question than 'What is the meaning of life?'"

These seven tips will help make your digital life more secure.

- **Never reveal your passwords to others.** You probably wouldn't give your ATM card and PIN to a stranger and then walk away. So, why would you give away your username and password?
- **Use different passwords for different accounts.** That way, if one account is compromised, at least the others won't be at risk.
- **Use two-factor authentication (2Fa).** Even the best passwords have limits. 2Fa adds another layer of protection in addition to your username and password. Generally, the additional factor is a token or a mobile phone app, like Authy or Duo, that you would use to confirm your identity to log in.
- **Length trumps complexity.** The longer a password is, the better. Use at least 16 characters whenever possible.
- **Create passwords that are hard to guess but easy to remember.** To make passwords easier to remember, use sentences or phrases. For example, "breadandbutteryum." Avoid single words, or a word preceded or followed by a single number (e.g. Password1). Hackers will use dictionaries of words and commonly used passwords to guess your password.

- **Complexity still counts.** To increase complexity, include upper- and lower-case letters, numbers, and special characters. To make the previous example more secure: "Bread & butter YUM!"
- **Use a password manager.** Password management tools, or password vaults, are a great way to organize your passwords. They store your passwords securely, and many provide a way to back-up your passwords and synchronize them across multiple systems. Here are some examples of free password managers:
    - LastPass: https://lastpass.com/
    - KeePass: https://keepass.info/
    - Keeper: https://keepersecurity.com/
    - Password Safe: https://pwsafe.org/
    - Dashlane: https://dashlane.com/

What Do I Do With My Spouse's Passwords?

If your spouse wasn't using a password manager, more than likely there is a list in a file drawer or on their computer. Somewhere, and hopefully you have located it. You'll want to find a quiet time when you're fresh to try the various logins to ensure they work and you have access. Note the ones that don't work. In some cases, the only way to close an account is to log in where the account was opened and close it. So, having access is very important. If an account is critical and needs to remain open, consider changing the password for your use, or closing the account.

For learn more, visit www.nolo.com/legal-encyclopedia/access-online-accounts-helping-executor-35013.html.

What Do I Do With My Spouse's Smartphone?

If your spouse had a cell phone, the big question is what to do with it. It has sentimental value and it's packed full of valuable information. The simple answer is to do nothing with it now and think about it more later. Meanwhile, you may be paying the $45/month phone charge and you'd probably rather not. Just because you discontinue service, doesn't mean the information on the phone is lost. So, you'll have to consider how long to keep it active – some recommend at least six months, which gives you time to read and respond to emails, texts, and voicemails from people who may not be aware your spouse had died.

You may not want to hear his voicemail message just yet, or maybe it will bring comfort. It's different for everyone. We know that at some point you will want to scroll through emails, texts, and photos – a stroll down memory lane - so keep the phone safe (and charged).

Importantly, your spouse's cell phone is probably packed full of information you may need – account access and information, online banking access, contacts and more. At some point, you may want to transfer some of that information elsewhere for safekeeping.

For learn more, visit www.weareatticus.com/learn/comprehensive-guide-to-closing-phone-services-and-accounts.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have a filing system and have filed my important documents	
☐	I have reviewed important documents I need. have identified missing documents, and understand how to get copies	
☐	I have reviewed my options for safekeeping originals and copies of important documents	
☐	I have opened all mail and filed important papers; I have created a stack of letters or forms I don't understand and will need help with	
☐	I have divided all bills into two piles; my spouse's bills and all others with the most past-due bills on top; getting my past-due bills paid is a priority	
☐	I understand that my spouse's bills should only be paid from my spouse's estate checking account and preferably only after contacting an estate planning attorney	
☐	I understand that I should pay my bills and joint bills from an account other than my spouse's estate checking account	
☐	If I can't pay the bills in my spouse's stack, I have contacted the creditors to let them know about my spouse's death	
☐	If I can't pay the bills in my stack, I have contacted the creditors to work out a payment plan to prevent having to work with a collection agency	
☐	I have cancelled unnecessary recurring memberships, prescriptions, and subscriptions	
☐	I have consolidated and simplified accounts and services to save money immediately	
☐	I have changed all utilities over to my name	
☐	I know my spouse's account login information and have access to their smartphone	

MY NOTES

SESSION 3
LET'S GET PRIORITIZED

"The best thing about the future is that it comes one day at a time."

~ Abraham Lincoln

OBJECTIVES:

✓ Help you claim all benefits for which you are entitled
✓ Help you understand your money flow, the key to understanding your current financial situation
✓ Help you understand your net worth
✓ Help you understand your banking
✓ Help you understand your investments
✓ Help you understand your retirement savings

TOPIC 1 | CLAIMING MY BENEFITS

The following content is provided as general information. It is not intended to replace a consultation with a financial advisor in your state.

1. MY SOCIAL SECURITY SURVIVOR BENEFITS.

Social Security doesn't just provide for retirement; the government agency also provides death benefits to spouses and eligible family members when the wage earner dies. Benefits are paid to surviving spouses, their minor or disabled children, and sometimes other family members. If you haven't already, you should contact your nearest Social Security office to find out if you qualify. While the funeral director usually notifies the Social Security Administration on your behalf, that notification isn't a formal claim for benefits. That is left up to you!

Survivor benefits are based on the deceased's work history. You must be the widow, widower, or child of a deceased worker who was currently insured or fully insured. This insured status is a determination of whether there's a benefit to collect or not.

For the decedent to have achieved currently insured status, they must have had at least six quarters of earnings covered by Social Security withholding during the full 13-quarter period prior to their death. For the decedent to have achieved fully insured status, they must have had up to 40 quarters (10 years) of earnings covered by Social Security, depending on their age at the time of their death. The decedent's insured status doesn't affect the amount of the benefit survivors receive. It is simply a minimum work requirement that must be met before a particular benefit is payable. The benefit amount is computed based on the decedent's average earnings.

If you're not already confused, just wait! Many ask why such important benefits are so difficult to understand, so you are not alone. It is helpful to have some idea of how it works, however, because representatives in your local social security office cannot provide advice and, well, they are just often misinformed.

Besides what we share with you here, there is a great AARP article, "How to Maximize Social Security Survivor Benefits, at https://www.aarp.org/retirement/social-security/info-2018/social-security-survivor-benefit-options.html.

Who Can Collect Survivor Benefits?

A widow or widower can receive benefits:

- At full retirement age (full benefits)
- As early as age 60 (reduced benefits)
- At age 50 or older if disabled
- At any age, if they take care of a child of the deceased who is younger than age 16 or disabled

A divorced widow or widower can receive benefits:

- At age 60 or older if the marriage to the deceased lasted at least 10 years
- At age 50 or older if disabled and the marriage lasted at least 10 years
- At any age, if they take care of a child of the deceased who is younger than age 16 or disabled

Unmarried children can receive benefits:

- If they are younger than age 18 (or up to age 19 if they are attending secondary school full time)
- At any age if they were disabled before age 22 and remain disabled

Under certain circumstances, benefits also can be paid to stepchildren, grandchildren, step-grandchildren or adopted children. Dependent parents age 62 or older who received at least one-half support from the deceased can receive benefits, too.

There is a limit to the benefit. In some situations, there are so many family members eligible for benefits that the "maximum family limit" is met. This family maximum is generally 150% - 180% of the deceased worker's benefit.

GOOD TO KNOW.
To find out what benefits you are eligible for, you can use the SSA BEST (Benefit Eligibility Screening Tool) online questionnaire at Benefits.gov. You'll need to answer a few questions, but it's a nice tool to help you prepare for your SSA meeting. Visit https://ssabest.benefits.gov/benefit-finder/#benefits&qc=cat_31 to get started.

What Are the Benefits?

There are two types of survivor benefits.

- One-time death payment. A $255 lump sum amount is payable to a widow, widower, or dependent child generally age 18 or younger who was living with the spouse at the time of death. You must apply for this payment within two years of the date of death.
- Monthly income payments. The amount of your benefit is based on the "primary insurance amount" (PIA), which is calculated by the earnings of the person who died. Basically, the more the worker paid into Social Security, the greater the benefit. You'll need to visit the local office to get the PIA and other important numbers.

GOOD TO KNOW.

If your spouse was receiving Social Security benefits at the time of death, do not cash the check paid to them the month after their death. No benefit is payable for the month of death. If the benefit was received by direct deposit, contact your bank to have the deposit reversed. If you cash the check, you'll have to pay it back.

How Do I Apply for Benefits?

The toll-free number is 800-772-1213. The website is www.ssa.gov. We strongly recommend contacting your local Social Security Administration office to make an appointment to see a representative. Claims may be expedited if you go in person, as you can sign the claim form then. They will also be able to answer basic questions you have about your survivor benefits.

GOOD TO KNOW.

Don't know where the closest SSA office is to you? Search the Social Security Office Locator at https://secure.ssa.gov/ICON/main.jsp. Just enter your zip code and click Locate to find the SSA office nearest you.

To file your claim, you will need several documents (now you understand why getting organized in our last session was important!). Don't delay in going to your appointment if you don't have everything on the list below. The SSA representative can still help you begin the process of applying for benefits.

- Your spouse's Social Security number and birth certificate
- Your Social Security number and birth certificate
- Your spouse's death certificate
- Your marriage certificate

- The birth certificates and Social Security numbers of your dependent children (if any)
- Documentation of your spouse's earnings the year they died (if they were still working) as well as the W-2 for the previous year. If your spouse was self-employed, there won't be a W-2 available, so bring a copy of last year's tax return instead
- Know your bank name and address, bank routing number and bank account number (your monthly benefits will be deposited into your bank or savings account of your choice, so you'll need this information)

2. MY LIFE INSURANCE BENEFITS.

Life insurance often provides you and your family with your most important benefit: cash when you most need it. Having it can mean financial security; not having it may have serious, unintended consequences. An insurance benefit is a time-multiplier; you may still have to return to the work force, but if your spouse had life insurance you may have more time before you do.

Life insurance proceeds are generally not considered taxable income to the beneficiary(ies). There are exceptions to this rule, and if you have any concerns, please consult your tax professional.

GOOD TO KNOW.

If the insurance company pays interest on the death benefit, the interest is subject to income taxes and should be reported on IRS Form 1099 and on Schedule B, Interest and Ordinary Dividends. The death benefit is "tax-free," but the interest earned is not.

The claim process is straightforward. You will make claims for your spouse's individual policy(ies) and follow-up with any policy(ies) your spouse had through their employer.

Your Spouse's Individual Policy(ies).

For personally owned policies, contact the company whose name and address appears on the policy or contact your insurance agent directly. Assuming you are listed as the beneficiary, simply request a claim form and prepare a claim package. Most insurance companies ("carriers") require a certified copy of the death certificate (raised seal) to be included in the claim package.

"Your life insurance policy only pays if you're completely dead. No partial benefits for zombies."

The carrier may offer you the benefit in different ways; most choose "lump sum," but you should be aware of your options:

- Lump sum. The entire death benefit is paid in one check. If you choose this option, DO NOT use it to start paying off bills, pay off the mortgage, or buy a new car. At least not until you fully understand your entire financial situation.
- Specific income provision. The life insurance company will pay principal and interest on a predetermined schedule.
- Life income option. You are guaranteed income for the duration of your life. The income amount will depend on the policy's death benefit, or "face amount," and your age.
- Interest income option. The life insurance company will hold the proceeds of the policy and pay the interest earned. If you choose this option, the policy's death benefit will remain intact and be paid to your children or secondary beneficiary upon your death.

Your coach, insurance professional, or financial advisor can help you understand which option may be most appropriate for you.

GOOD TO KNOW.

Can't locate a policy you think your spouse owned? Contact the American Council of Life Insurers (Policy Search) by visiting their website at www.acli.com. This service is free. As an alternative, MIB, an insurance membership corporation, will locate your policy for a fee. Their website is www.policylocator.com.

Your Spouse's Employer-Provided Policy(ies).

If your spouse was employed at the time of death, it is likely they had life insurance coverage provided by their employer. This is usually "group term" life insurance, but they may also have added supplemental insurance. Group term life insurance is often paid by the employer and amounts vary. Any supplemental group term life insurance is optional - usually some multiple of their salary - and the premium is paid by the employee. These could be valuable benefits so do not delay in contacting your spouse's employer.

GOOD TO KNOW.

Before you contact your spouse's employer's HR department, locate your spouse's pay stubs. If you review them, you will see a list of deductions following the gross income amount. These deductions are labeled, such as "life insurance," "disability insurance," "401(k) contribution," and so on. This is a good way to see what benefits were being provided before you call. Employer benefits are discussed below.

While we're on the subject of life insurance, this would be a good time to update the beneficiaries named on your life insurance policy(ies), especially if the deceased was one of your beneficiaries. If you don't address this now, we'll discuss your need for life insurance in a future session.

To learn more, visit www.investopedia.com/articles/personal-finance/122315/group-term-life-insurance-what-you-need-know.asp.

3. MY ANNUITY BENEFITS.

An annuity is an insurance investment, like life insurance, but the purpose is to provide a source of income while the owner is alive (as opposed to life insurance, which only pays upon the insured's death). This investment is normally intended to supplement retirement income. All annuities require a beneficiary(ies) to be named in the event the owner dies. If you were named, you will need to contact the annuity company to inform them of your spouse's death and file a claim. The annuity company will require a certified death certificate as well. You will likely have options regarding the annuity, and should consult with your coach or financial advisor to carefully evaluate the best option for you.

To learn more, visit https://www.investopedia.com/ask/answers/09/inherited-annuity-distribution.asp.

4. MY EMPLOYER BENEFITS.

If your spouse wasn't self-employed and was working at the time of death, contact the employer's Human Resources (HR) or Employee Benefits office. You may be eligible for:

- Retirement Savings Plan (as beneficiary)
- Pension (as spousal beneficiary)
- Unpaid Salary
- Unpaid Bonus
- Unpaid Vacation and Sick Days (PTO)
- Deferred Compensation
- Stock Options
- Flexible Spending Account (FSA)
- Health Savings Account (HSA)
- Continued Medical Coverage (COBRA)

Retirement Savings Plan.

The most common scenario is that your spouse was contributing to an employer retirement plan (also known as a “defined contribution plan” or “qualified plan” like a 401(k) or 403(b)) while employed. Assuming you were named as the primary beneficiary, these assets can be “rolled over” into an IRA account in your name. This is usually preferred to other options, but your coach or financial advisor can help you evaluate the best option for you.

There are tax consequences to taking distributions from some retirement savings accounts early. Please consult with a tax professional before choosing that option!

To learn more, visit www.dol.gov/general/topic/retirement/typesofplans.

Pension.

A pension is usually calculated through a formula based on a combination of years of serviceand amount of pay. If your spouse was eligible for a pension (also known as a “defined benefit plan”), you will likely have to decide how you will receive this benefit. Usually, you can choose to receive the full amount in a lump sum or lifetime payments, if not now, later.

There are tax consequences to taking the pension in a lump sum amount, i.e. all at once. Please consult with a tax professional before choosing this option! You may have the option of rolling over your lump sum pension to your own qualified account and this would avoid the tax hit.

Your coach or financial advisor can help you evaluate your options.

To learn more, visit www.dol.gov/general/topic/retirement/typesofplans.

Unpaid Salary and Bonus.

It is likely that the hourly wages or salary earned from your spouse's last pay date to the date of death will be paid automatically. Check the pay statements, if available, or simply speak with a company representative to ensure all wages, including eligible bonuses, have been paid and received.

GOOD TO KNOW.
In the event wages are still owed the employee at the time of death, what should happen is that the employer will issue a check made payable to the beneficiary or to the estate of the employee. Final wages paid within the same calendar year in which the employee died are not subject to Federal Income Tax Withholdings (FITW), but they are subject to taxes under the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act (FUTA). If the wages are paid in the year following the employee's death, they are not subject to FITW, FICA or FUTA taxes. The estate or beneficiary will be issued a Form 1099-MISC with "other income" listed in Box 3 for the gross amount paid.

Deferred Compensation and Stock Awards.

Deferred compensation is a portion of an employee's compensation that is earned in one year but is scheduled to be paid out in a later year. Deferred compensation plans can take on many different forms, including short- and long-term incentive arrangements and stock awards. Depending on the terms of the plan, either or both employee and employer can contribute to a deferred compensation plan.

The terms of the plan or arrangement generally dictate when and how the future payments are to be made to the employee's beneficiary or estate.

GOOD TO KNOW.
IRS Revenue Rulings 71-146 and 86-109 outline the proper income tax treatment in this situation. Essentially, for income tax purposes, compensation earned preceding death (unpaid at time of death) and paid to a beneficiary or the estate of the deceased employee is not considered "wages". Hence, employers should not withhold income taxes on the amounts paid. Additionally, FICA (social security and Medicare tax) tax withholding will occur if the compensation amount(s) are paid in the calendar year of the employee's death. However, if the amounts are paid in years after the year in which the employee died, the amounts will not constitute wages for FICA purposes and will not be subject to withholding. Something to double-check.

To learn more, visit https://www.investopedia.com/terms/d/deferred-compensation.asp.

Flexible Savings Account (FSA).

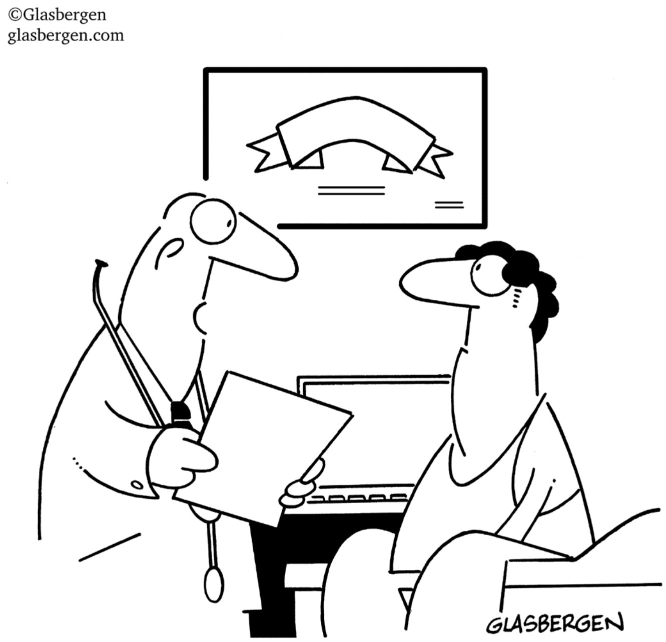
Health FSAs are employer-established benefit plans. Self-employed people aren't eligible for an FSA. An FSA allows for the reimbursement of out-of-pocket health expenses from pre-tax dollars deducted from an employee's paycheck. Therefore, an employee's taxable income will be reduced by the amount placed in the FSA account.

FSAs are "use it or lose it" plans, which means that any balance in the account at the end of the calendar year can't be carried over to the next year. Therefore, FSA funds should be used for any outstanding medical bills incurred by your spouse before the end of the calendar year. Otherwise, this money will be lost.

To learn more, visit https://www.healthcare.gov/have-job-based-coverage/flexible-spending-accounts/.

Health Savings Account (HSA).

Your spouse might have had an HSA, a health savings account, if enrolled in a high-deductible health plan (HDHP) with their employer. Unlike FSAs, HSA funds roll over and accumulate year to year. HSA funds can be used to pay for qualified medical expenses at any time, without federal tax liability or penalty. Withdrawals for non-medical/ non-qualifying expenses are treated similarly to IRA withdrawals.



"Your health insurance doesn't pay for heartburn. You need fire insurance for that."

HSAs do not "stay" with the employer; they are individual plans and are "portable." Therefore, if there are funds in your spouse's HSA, they do not need to be used by the end of the calendar year. HSAs have a named beneficiary, just like an IRA. Upon the death of the HSA account holder, the favorable tax treatment allows the HSA account to transfer to the surviving spouse as if it were their HSA account, and HSA rules should be followed thereon. You can use the money tax-free in any year for eligible medical expenses, including your deductible, co-payments, and prescription drugs, plus out-of-pocket costs for dental and vision care and other medical expenses that aren't covered by insurance. You can even use a portion of the money tax-free to pay for long-term-care insurance premiums based on your age. Different rules apply if the beneficiary is a non-spouse.

To learn more, visit www.healthcare.gov. To learn more about the difference between FSAs and HSAs, visit https://www.aetna.com/health-guide/hsa-vs-fsa.html.

GOOD TO KNOW.
This is a good time to mention that if your spouse was employed when they died, they may have had company property in their possession. Items like a laptop, keys, pass cards, parking pass, and credit card should be returned to the employer as soon as possible. Likewise, you may need to schedule a time to come into the office to clean out their personal items. This won't be much fun for you, unfortunately. Plan early morning or late afternoon if possible. Remember to bring some boxes and maybe a two-wheel cart. And probably some tissue.

Continued Medical Coverage (COBRA).

One of the biggest financial worries you may have is how to maintain your health coverage (assuming your spouse's employer was providing this benefit). If you received health insurance through your spouse's employer, you are likely eligible for health coverage through COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985). COBRA covers the deceased's enrolled eligible family members for up to 36 months after their death.

IMPORTANT!
In most cases, the surviving spouse must file this claim with the health plan administrator within 60 days after the death of the covered employee.

Survivors will have to pay the premiums for the plan (and they will be higher as the employer does not pay/subsidize the healthcare plan after death), but you won't be force to find, qualify for, or pay for a new (and possibly less robust) health insurance plan right away.

For COBRA appeals or questions, call the U.S. Department of Labor Pension and Welfare Benefits Administration at 866-487-2365.

To learn more, visit https://www.dol.gov/general/topic/health-plans/cobra.

GOOD TO KNOW.

While not a priority, it certainly can't hurt to contact all your spouse's previous employers to see if there are any "benefit leftovers" you can take advantage of. There may be a small retirement account or pension that never got rolled over. They are often simply forgotten, believe it or not. To get help locating unclaimed 401(k) plan benefits, visit the National Registry of Unclaimed Retirement Benefits at https://unclaimedretirementbenefits.com/. For help finding unclaimed pensions, visit the Pension Benefit Guaranty Corporation (PBGC) at https://www.pbgc.gov/.

5. VETERAN BENEFITS.

If your spouse was a veteran, contact the Department of Veterans Affairs (VA). The VA offers certain benefits and services to honor deceased veterans. The benefits may include:

- Up to $2,000 of burial expenses
- Headstone or marker
- Burial flag
- Burial in a national cemetery
- Presidential Memorial Certificate

If you forgot to claim these benefits at the time of the burial, there is no time limit on claims for reimbursement of burial expenses for service-related death. In other cases, claims must be filed within two years of the veteran's burial.

Benefits may also be available for dependents and survivors. A death pension is payable to some surviving spouses and children of deceased war-time veterans.

Whether surviving family members are paid such benefits will depend on a number of factors, including whether the veteran died from causes connected to military services, whether they served in war or peacetime, and whether the discharge was honorable or not.

To check on the benefits you may be eligible for, call 800-827-1000 or visit www.va.gov/SURVIVORS. You may also visit your local VA office. You should locate the Certificate of Discharge from military services (DD Form 214) and have it available when you talk or visit with a VA representative.

Finally, some associations offer spouse assistance to their members, including:

- Army and Air Force Mutual Aid at (800) 336-4538 or (703) 522-3060
- Armed Forces Services Corporation at (888) 237-2872 or (703) 379-9311
- Navy Mutual Aid Association at (800) 628-6011 or (703) 614-1638.

6. OTHER GOVERNMENT BENEFITS.

If the deceased was employed by the government and you are a potential beneficiary, consider the following:

- If your spouse belonged to a labor union, contact the union to see what benefits may be available.
- For federal employees, the Federal Employee's Retirement System (FERS). Call 724-794-8690 or visit www.opm.gov.
- For civil service employees, the Civil Service Retirement System (CSRS). Call 724-794-8690 or visit www.opm.gov.
- For state employees, Google "state employee benefits."
- For railroad employees, the Railroad Retirement Board (RRB). Visit https://rrb.gov/.

If the deceased was a veteran, CSRS or FERS retiree and participated in the Thrift Savings Plan (TSP), the ThriftLine Service Center need to be contacted. When a TSP participant dies while still actively employed in federal service, the employing agency informs the TSP. If a participant died after separating from federal service, the participant's survivors should contact the ThriftLine Service Center at 1-877-968-3778.

To learn more, visit https://www.tsp.gov/.

7. UNCLAIMED MONEY.

While we're looking for benefits, why not look for unclaimed money that might be yours? There is no central source to look for unclaimed money from the government that might be owed to you, however:

- Search for unclaimed money and property in states where you have lived
- Check for unclaimed funds from bank failures or unclaimed deposits from credit union closures
- Check for unclaimed back wages, pension money, or life insurance funds
- Search for unclaimed or undelivered tax refunds. Or, search for a refund from an FHA-insured mortgage

Don't fall for scams from people who pretend to be from the government. Never respond to offers that include sending you unclaimed money for a fee. Government agencies will not call you about unclaimed money or assets.

To learn more, visit www.usa.gov/unclaimed-money.

8. PROFESSIONAL ORGANIZATION BENEFITS.

Keep in mind that unions, financial institutions, professional organizations, alumni associations, or other groups might have death benefits available as part of a group (term) life insurance policy or accidental death and dismemberment coverage for members. These small policies are used to entice new member enrollment – and it works! Think back to any organization your spouse belonged to, like the Elks, NRA and AARP, and contact them to see what policies may have been issued to members.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I understand or have completed claiming social security benefits	
☐	I understand or have completed claiming life insurance benefits, if any	
☐	I understand or have completed claiming annuity benefits, if any	
☐	I understand or have completed claiming current and former employer benefits, if applicable	
☐	I understand or have completed claiming VA benefits, if applicable	
☐	I understand or have completed claiming federal, civil service, or state employee benefits, if applicable	
☐	I understand how to explore unclaimed funds to which I may be entitled	
☐	I understand or have completed claiming benefits from any professional organizations my spouse belonged to, if applicable	

MY NOTES

TOPIC 2 | MANAGING MY MONEY FLOW

The following content is provided as general information. It cannot replace a consultation with a financial advisor in your state.

It is common to feel angst around the fact that you may not have a handle on your finances. If you feel this way, it's not your fault. The key is to be open to learning about what you don't know, one step at a time. We are going to spend the rest of our time in this session talking about your money—your budget (income and expenses), your banking, and your investments. The sooner you get your arms around your money and understand your financial situation, the better decisions you'll make, and that angst will give way to financial clarity and confidence.

Organizing your financial information is a great first step. This is why we discussed getting organized in our previous session.

Just so you don't feel left out, 86% of surviving spouses had little or no input to financial decision-making during their marriage. So, if this is all new to you, you are not alone. And that's okay. Now is the time, however, to grab the tiller and sail through uncharted waters. Hold tight and keep the bow pointed true north. You'll get through this, and think of everything you'll see and learn along the journey!

Even if you did handle your finances during your marriage, most likely you did so with either a subconscious or conscious awareness that you could always run something by your spouse. You had a "sounding board." They were there when you had questions, and you valued your spouse's judgement. It's different now and we understand that.

This is where we hope Wings for Widows can help. Not that we could ever fill their shoes, but we do want you to feel comfortable asking your coach questions. If you prefer not sharing the depth and breadth of your financial world with your coach, that's okay and your coach will work with what you give them. But a word of caution: a coach is not likely to provide advice without a clear and complete picture of your situation. They want to provide you the best advice possible as your fiduciary, meaning they will always put your needs first. They may not be able to do so if you hold back information.

10 MONEY THINGS YOU SHOULDN'T DO BEFORE TALKING WITH A FINANCIAL PROFESSIONAL.

1. Sell your home or buy a new home.
2. Sell your investments (stocks, bonds, mutual funds).
3. Buy a new car.
4. Buy life insurance.
5. Buy an annuity.
6. Go on a spending spree.
7. Borrow money.
8. Lend money.
9. Give money away.
10. Let others, including well-intentioned children, tell you what to do with your money.

1. MY INCOME.

We want you to understand your money flow. This means we need to understand two things: what your income is and what your expenses are.

The reason this is important is so that you know, for certain, if you have sufficient income on which to live comfortably. Not just today, but into the future. If you do not have the necessary income to continue to live the lifestyle you have come to enjoy, it's important to know sooner than later.

There will likely be a delay before you receive income from your spouse's assets or pension plan if they had one. There will be a delay between the time you submit a life insurance claim(s) and receive the proceeds to help with expenses. If you are employed, having money to pay the bills may not be an issue. But if you are not, you may have to live off your cash reserves for a period of time. Therefore, you must be diligent about how quickly you spend. If you have an emergency fund, this may provide additional comfort.

Sources of income could include your salary, social security benefits, rental property income, pension, investment dividends and interest, and, if over age 72, required minimum distributions (RMDs) from your and/or your spouse's retirement accounts that you inherited. All these income sources are straightforward except one, which is what happens when you inherit your spouse's qualified account(s), like an IRA or 401(k). Is the money available for you to use, without penalty? If you did not inherit a qualified account, you can skip this. Otherwise, you have important considersiderations to explore with your coach or financial advisor.

Inheriting your spouse's IRA post-SECURE Act.

After 2019, if you inherit a Traditional IRA, SEP, or SIMPLE IRA from a spouse, you have several options, depending on whether your spouse was under or over age 72. Most commonly, those who inherit an IRA from a spouse transfer the funds to their own IRA.

If your spouse (the account holder) was under 72 when they died, these are your choices:

"My short-term financial goal is to keep some of my paycheck until Tuesday. My long-term financial goal is to keep some of my paycheck until Friday."

Option #1: Spousal transfer (treat as your own)

- You transfer the assets into your own existing or new IRA.
- Money is available At any time, but a penalty will apply to withdrawals made before you reach age 59½.
- Only available if the you are the sole beneficiary.
- IRA assets can continue growing tax-deferred.
- If you are under 59½ you'll be subject to the same distribution rules as if the IRA had been yours originally, so you cannot take distributions without paying the 10% early withdrawal penalty—unless you meet one of the IRS penalty exceptions.
- You may designate your own IRA beneficiary.

Option #2: Open an Inherited IRA: Life expectancy method

- You transfer the assets into an Inherited IRA held in your name.
- Required Minimum Distributions (RMDs) are mandatory, and you have the option to postpone distributions until the later of:
  - o When the decedent would have attained age 72, or
  - o 12/31 of the year following the year of death.
- Distributions must begin no later than 12/31 of the year the account holder would have reached 72.

- Your annual distributions are spread over your single life expectancy, which is determined by your age in the calendar year following the year of death and reevaluated each year.
- If multiple beneficiaries, separate accounts must be established by 12/31 of the year following the year of death; otherwise, distributions will be based on the oldest beneficiary.
- Required Minimum Distributions (RMDs) are mandatory and you are taxed on each distribution.
- You will not incur the 10% early withdrawal penalty.
- Undistributed assets can continue growing tax-deferred.
- You may designate your own IRA beneficiary.

Option #3: Open an Inherited IRA: 10-year method

- You transfer the assets into an Inherited IRA held in your name.
- Money is available at any time up until 12/31 of the tenth year after the year in which the account holder died, at which point all assets need to be fully distributed.
- You are taxed on each distribution.
- You will not incur the 10% early withdrawal penalty.
- Undistributed assets can continue growing tax-deferred for up to ten years.
- You may designate your own IRA beneficiary.

Option #4: Lump sum distribution

- All assets in the Traditional IRA are distributed to you.
- You will pay income taxes on the distribution all at once.
- You will not incur the 10% early withdrawal penalty.

- You may move to a higher tax bracket depending on the amount of the distribution and your current income level.

If your spouse (the account holder) was over 72 when they died, these are your choices:

Option #1: Spousal transfer (treat as your own)

- You transfer the assets into your own existing or new IRA.
- Money is available at any time, but a penalty will apply to withdrawals made before you reach age 59½.
- Only available if the you are the sole beneficiary.
- IRA assets can continue growing tax-deferred.
- You must take an RMD for the year of death (if the account holder did not already take it).
- If you are under 59½ you'll be subject to the same distribution rules as if the IRA had been yours originally, so you cannot take distributions other than RMD for the year of the death without paying the 10% early withdrawal penalty.
- You may designate your own IRA beneficiary.

Option #2: Open an Inherited IRA: Life expectancy method

- You transfer the assets into an Inherited IRA held in your name.
- You must begin taking an annual RMD over your life expectancy beginning no later than 12/31 of the year following the original account holder's death.

Note: If the original account holder did not take an RMD in the year of death, an RMD must be taken from the account by 12/31 of the year the original account holder died.

- Your annual distributions are spread over your single life expectancy (determined by your age in the calendar year following the year of death and reevaluated each year) or the deceased account holder's remaining life expectancy, whichever is longer.
- If there are multiple beneficiaries, separate accounts must be established by 12/31 of the year following the year of death; otherwise, distributions will be based on the oldest beneficiary.
- Required Minimum Distributions (RMDs) are mandatory and you are taxed on each distribution.
- You will not incur the 10% early withdrawal penalty.
- Undistributed assets can continue growing tax-deferred.
- You may designate your own IRA beneficiary.

Option #3: Lump sum distribution

- All assets are distributed to you.
- You will pay income taxes on the distribution all at once.
- You will not incur the 10% early withdrawal penalty.
- You may move to a higher tax bracket depending on the amount of the distribution and your current income level.

To learn more, visit https://www.investopedia.com/terms/i/inherited_ira.asp.

ACTIVITY. Complete the worksheet below.

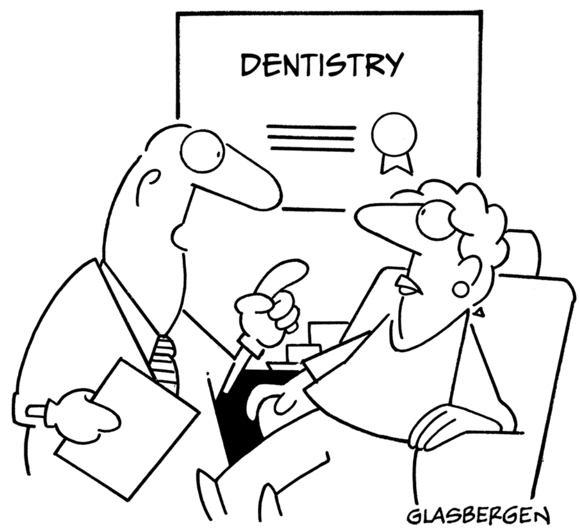
MY SOURCES OF INCOME WORKSHEET

Income Description	When Paid	How Much
(Net, after taxes) Salary		$
(Net) Self-Employment Income		$
Property Rental Income		$
(Net) Social Security Benefit		$
Pension Income		$
Investment Dividend/Interest		$
Other		$
	TOTAL:	$

2. MY EXPENSES.

Now that you've determined your primary income sources and your monthly income, you need to look at your expenses.

Yes, getting your arms around your expenses can be more difficult, but we'll break it down into a couple of steps. If you recall, in our previous session we talked about separating the bills into two piles: your spouse's bills and everything else (your personal bills and joint bills). You can start with these. Take the information directly from the bill and add it to the worksheet.



"I'm installing a bridge. If you have trouble paying for it, I can make it a toll bridge."

A second method for completing the worksheet below is walking through a year of expenses by reviewing your banking statements (checking and credit card) month by month. It doesn't matter if you bank online or still receive paper statements, or both. However, we believe it's easier to track expenses month-to-month by reviewing paper statements, even checking off items as you go.

Other places to look for regular expenses are online accounts. For example, do you use Venmo to pay the cat sitter; Zelle to transfer money to your student's school; or, ApplePay to purchase groceries or pay other bills? This will bring out the detective in you for sure!

As we discussed, you should only be using the estate checking account to pay your spouse's bills, so don't include those expenses below.

We have provided two worksheets; one for fixed expenses (you saw this one earlier) and one for variable expenses.

Fixed expenses are typically bills you pay the same time every month, every quarter, or annually, like your mortgage. Your mortgage is usually the same amount (unless it's an adjustable rate mortgage) paid at the same time every month. Other fixed expenses include insurance premiums for life and auto insurance, and so on.

We include your utility bills as fixed expenses, because while the amounts vary slightly month to month, the bills are due at the same time each month. The best way to address these bills is to grab a statement for January, April, August, and November and use an average (add the four amounts together and then divide by four).

Variable expenses vary from month to month. These would include groceries, for example. Within variable expenses are "discretionary" expenses – money you spend that you don't need to spend. The meals you eat out and entertainment and considered discretionary, because you decide how much you are going to spend on these things. Therefore, it is more difficult to determine a monthly average for variable expenses.

The larger the monthly average or the more often the purchase, the more time you should spend to get it correct. For example, grocery and liquor purchases may be fairly often, so it makes sense to try to figure these out compared to the $15 expense at the dry cleaners every couple of months. If you get your nails done every 8 weeks at $100 a pop, you would use a monthly average of $50 per month. Don't overthink it. "Guesstimates" are okay. Understand that the more accurate you are, the more accurate your money flow figure will be.

ACTIVITY. Complete the worksheet below if you didn't already complete it in Session 2.

MY FIXED EXPENSES WORKSHEET

Bill ("Fixed Expense") Description		When Paid	How Paid	How Much
Example: Mortgage		*Monthly (M)* *Quarterly (Q)* *Annually (A)*	*Automatic Withdrawal*	*$ 1,200.00*
Mortgage/Rent				$
Home Equity Loan/Line of Credit				$
HOA				$
Property Taxes				$
Personal Loans	Car Loan 1			$
	Car Loan 2			$
	Personal Loan 1			$
	Personal Loan 2			$
	Student Loan			$
	Other Loan			$
Healthcare	Doctor Bills			$
	In-Home Services			$
	Medical Equipment			$
	Medicines			$
	Other			$
Credit Card	Credit Card 1			$
	Credit Card 2			$
	Credit Card 3			$
	Credit Card 4			$
	Credit Card 5			$
	Credit Card 6			$

MY FIXED EXPENSES WORKSHEET

Bill ("Fixed Expense") Description		When Paid	How Paid	How Much
Services/Memberships	Child Care			$
	Lawn Care			$
	Pest Control			$
	Snow Removal			$
	Home Security			$
	Gym			$
	Newspaper			$
	Other			$
Pets	Food			$
	Veterinary			$
	Medicines			$
	Other			$
Other				$
				$
				$
				$
				$
			TOTAL:	$

MY VARIABLE EXPENSES WORKSHEET

"Variable Expenses" Description	When Paid	How Paid	How Much
Groceries	*Monthly (M)* *Quarterly (Q)* *Annually (A)*	*Check*	*$600*
Groceries			$
Clothing			$
Home Maintenance			$
Car Maintenance			$
Entertainment (Movies, Concerts)			$
Dining Out			$
Liquor			$
Subscriptions (Newspaper, Books)			$
Household Improvements			$
Dry Cleaning			$
Birthday Gifts			$
Holiday Gifts			$
Hairdresser, Nails			$
Vacation and Travel			$
Child Expenses (other than childcare)			$
Charitable Contributions			$
Drugstore			$
Other Dues			$
Unreimbursed Business Expenses			$
Professional Fees			$
Education			$
Other			$
Other			$
		TOTAL:	$

3. MY MONEY FLOW.

Now that you have calculated your income and expenses, it's time to bring it all together in what we call a money flow statement. The money flow statement will tell you if you have surplus income each month or too many expenses for the income you have. The money flow statement will give you a better idea of your current financial situation.

Don't panic if you have a "negative" money flow. There are ways to rectify this situation that your coach or financial advisor can discuss with you.

You may also be in a situation where you have sufficient income to meet existing expenses, but do not have anything extra to take care of that stack of bills we talked about. Again, there are remedies to consider.

ACTIVITY. Complete the worksheet below. Simply subtract your expense totals from your total income.

MY MONEY FLOW WORKSHEET

My Money Flow Statement		How Much
Total Monthly Income		$
Total Fixed Expenses	minus	$
Total Variable Expenses	minus	$
	TOTAL:	$

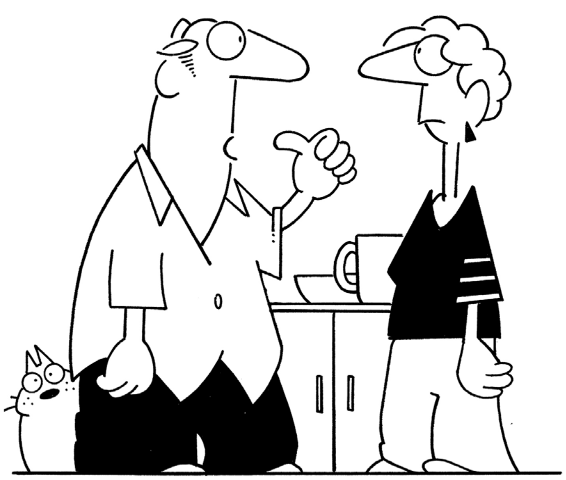
Congratulations on completing your money flow worksheet. Understanding your money flow is an important step in assessing your current financial situation and gaining control over your personal finances.

If your money flow is positive, at least for now, you should feel a sense of relief. Maybe this exercise just confirms what you already knew. Regardless, there is peace of mind seeing it on paper.

If your money flow is negative, we're going to discuss remedies shortly.

4. MY NET WORTH.

Determining your net worth is important, especially if your money flow is negative. One of the first remedies is converting net worth into income, if possible. So, let's determine your net worth. Net worth is nothing more than the value of your assets less the value of your liabilities. If you recall, we captured information in Let's Get Acquainted that will help us calculate your net worth. If we didn't, we'll do that now.



"It's time to get serious about our retirement fund. You collect all of our returnable bottles and I'll look for loose change in the sofa!"

Assets are defined as anything you own that has value. Think of "resale" value, not what you paid for it necessarily (this is due to depreciation). Your home value may have increased. The value of your investments may have increased over time, hopefully. But your car has lost value, so what it's worth today is less than what you paid for it. So, to determine asset value we use today's market, or current, value.

Liabilities include the mortgage, personal loans, business or school loans, auto loans—debt that you are paying down. This includes all credit card balances (do not include credit card debt if you pay off the balance each month).

ACTIVITY. Please try to complete the activity below on your own. Your coach will help you if you are unable to complete the activity.

ACTIVITY

Instructions for calculating your Net Worth. (Having a calculator will be helpful.)

1. Return to the My Financial Snapshot Worksheet. Can you separate the assets from the liabilities?
2. Take a sheet of paper and draw a vertical line down the middle. On the left side of the line, list the asset amounts. On the right, list all the liability amounts.
3. Using a calculator, add the asset amounts and write the total at the bottom. Then do the same thing with the liabilities.
4. Subtract the total liabilities amount from the total assets amount. This is your Net Worth.

MY NET WORTH WORKSHEET

		How Much
Total Assets		$
Total Liabilities	minus	$
	TOTAL:	$

5. MY BUDGET.

The Benefits of Using a Budget.

Now that you understand your money flow and net worth, it can be helpful to use a budget for a variety of reasons:

- A budget helps you figure out your long-term goals and work towards them. It also enables you to map out your goals, save your money, and keep track of your finances.
- Staying within your budget keeps you from spending money that you don't have on things you might not need.
- A budget helps you save for the future. If you cut back a little now, it will make your future and retirement years much more manageable.
- Budgeting for an emergency fund helps meet unexpected financial needs without going into debt to pay for them.
- A budget can reduce financial stress because it reveals your spending habits, refocuses your financial goals, and takes the worry out of how you're going to "make ends meet."
- Many people think a budget is restrictive. Actually, it frees us up to spend time on those things we have budgeted for, without any guilt.

We can't emphasize enough that the key to taking charge of your financial well-being—your financial life—is to know the facts and then make decisions to direct money where you want it to go, rather than letting it slowly but continually sift away. Thus, using a budget is the best way to maintain control over your finances.

My Expenses are Greater than My Income—Now What?

First, don't panic. The first thing to do is figure out how to spend less. There are literally dozens and dozens of ways to spend less money each month without sacrificing lifestyle.

Recall your fixed expenses. These are more difficult to change (that's why they are called fixed expenses). But even mortgages can be refinanced. There are ways to save on your energy bills. You can shop for lower insurance rates for your car and home. Reduce your cable bill by eliminating channels and your internet bill by reducing your internet speed (200 bps to 100 bps, for example). Keep your thermostat higher in the summer and lower in the winter. And so on.

Where you can make real strides, however, is by focusing on your variable and discretionary expenses. Review your completed list above and ask yourself, "Where can I cut back?" Think "reduction," not "elimination." We don't believe you should stop going to the health club or having your hair done, but you might want to go fewer times during the course of the month or switch to a less expensive provider. If you love to read, online books are cheaper than printed books. We have absolute control over how often we eat out and where we eat, how often and where we shop, and where we go on vacation. If it's not in the budget, then find an alternative. "Stay-cations" have become popular because they're far less expensive but still enjoyable!

"In this economy, alien abduction is the only vacation I can afford!"

What Should I Do With the Stack of Outstanding Bills?

You may have a stack of bills with which to contend. We suggested earlier separating them into two piles: your spouse's bills and everything else. If you also had a stack of unopened and/or old bills, like funeral and medical bills, we suggested you open them and add them into one of the two piles.

You are NOT legally responsible for paying your spouse's bills, bills in his name only. The estate should pay those bills, using an estate checking account you would open for this purpose. You are legally responsible for paying your own personal bills and any bills or debt jointly held. Be careful! Even if your gas and electric bill was in your spouse's name, the utility company considers that a joint bill with very few exceptions. If you have questions about which bill or debt is whose, consult your coach or financial advisor.

Regarding any bills overdue by 90 days or more, we suggested that you contact the creditors immediately to work out a payment plan, and most importantly, to keep your account from being sent to a debt collector. Again, you need to address the oldest bills before your current bills, since your current bills include any past due amounts, plus any late fees.

Gerri Detweiler, the nation's guru on consumer credit and author of The Ultimate Credit Handbook, says that nine out of ten creditors will negotiate new repayment schedules with those struggling to pay their bills. Ask for a bereavement grace period. Explain what has happened in your life and that you fully intend to pay the amount over time. With a finely-tuned budget, you can even suggest the amount that you can pay to the creditor each month. Subsequently, you must deliver on that pledge.

GOOD TO KNOW.

Keep a list of each creditor and the deal made. Write down the first and last name of the person you spoke to, the date of the call, and the terms of the arrangement. This will come in handy if you speak to the creditor again, which is likely. You're dealing with a lot so it's quite easy to forget who you just spoke to five minutes ago let alone a month ago.

Keep in mind that not all bills may arrive in paper form. Your spouse may have some bills paid automatically using online banking features. It's important you track these down! The best way is by logging in to your bank online (we located these logins previously). Otherwise, you'll have to review the paper statements (unless your spouse went "paperless" and there are no statements coming to your home). If you do not have access to your online banking or to paper bank statements, contact your banker immediately to remedy this situation. We highly recommend getting paper statements until you are comfortable with your financial situation.

Mortgage Considerations.

It is likely that your largest expense is your mortgage (if you are leasing or renting, you can skip this) and you may have concerns about staying in your home. Staying or leaving is a very important decision and should not be made without your genuine understanding of your current situation and your options. Your coach or financial advisor can discuss this with you.

From the exercises above, you know your mortgage balance, interest rate, and monthly payment. If you own more than you owe, this is "home equity" and it's a good thing! Now that we understand your mortgage and your money flow, the big question is can you continue to afford it?

If your money flow is positive, it is likely you can. You may still want to consider refinancing the mortgage if interest rates are favorable to your current interest rate. There is nothing wrong with a lower mortgage payment, right?

To learn more about refinancing, visit www.themoneybalance.com.

If your money flow is negative, it is possible you cannot afford the mortgage payment and the home you live in. This realization can cause real panic, but let's take it one step at a time.

The first thing to do is determine what other expenses can be reduced to get your money flow positive. Then, is it feasible to refinance your mortgage? Will a lower payment get your money flow positive (understand there will be upfront "closing costs" to refinance, between 3% - 6%, so you'll need some cash)? Finally, did you receive an insurance benefit or other lump sum that you could use to pay down your mortgage (won't reduce you monthly payment, however) or pay it off completely? All these considerations are important only if you wish to remain in your home. If you plan to relocate, you will likely just want to sell the house and move on. All these considerations are moot if you do.

You may be wondering if it makes sense to pay off the mortgage with the life insurance proceeds, for example. This is one option, certainly, and it's tempting to eliminate this debt. However, this is a big decision and many factors must be first considered. For example, could that money go farther and work harder for you invested? Should you pay off high-interest rate credit card debt first? Are home repairs essential? Discuss these and other considerations with your coach or financial advisor.

GOOD TO KNOW.

Even if you pay off your mortgage, you are still responsible for property taxes and insurance. If these were bundled with your mortgage payment (P&I), usually in escrow, they will now need to be paid separately. Contact your insurance provider and county tax office to work through these things.

What Should I Do with My Credit Card Debt?

We will discuss what to do with your spouse's credit cards when we get to banking. This section is about your credit cards and credit card debt. Use your budget to help you pay down this bad debt.

There is good debt and there is bad debt. A mortgage is good debt. Credit card debt is bad debt. Mainly, because the interest rates are normally double-digit for credit cards, and when you make only the minimum payment each month, you are primarily paying the interest on the debt and not paying down the principal. Nor is the interest tax-deductible like your mortgage. Thus, the fewer credit cards the better. You need at least one for credit-building purposes (you can't build credit with a debit card). Too many credit cards, oddly enough, can be detrimental to your credit score.

If you have credit card debt, we urge you to be diligent in eliminating this debt first. Nothing wrong with a credit card if you pay off the balance each month. In fact, there are perks, like airline miles, that come with certain credit cards. The key is not carrying over debt month to month. If you do have credit card debt, the following steps provide the best method for eliminating it:

1. If you have one credit card with a small balance, try to pay it off. You'll find it liberating and rewarding. Get in the habit of paying it off every month.

2. If you have multiple credit cards with balances, find the credit card with the highest interest rate (not the highest balance). Your mission is to pay more than the minimum payment on this one (and at least minimum payments on the others); in fact, pay as much as your budget will allow. Be diligent, and as soon as this one is paid off, celebrate it and then close the account.

3. Continue to the next credit card with the highest interest rate. The payments you were making to pay off the last credit card can now be applied to this credit card. Again, your mission is to maximize payments until this credit card balance is eliminated, then close this account, too.

Make sure you celebrate these victories—you are taking charge of your financial wellness! Continue this approach until you're down to your last credit card or two.

Remember, eliminating credit card debt doesn't close the account. Open revolving accounts, even with zero balances, can negatively impact your credit. You will need to call each credit card company (use the customer service number on the back of the card or listed on your monthly statements) to close the account. We recommend waiting until you get the next monthly statement that confirms a zero balance before calling to close the account.

GOOD TO KNOW.
Never make a late payment again! Did you know that you can schedule your bank credit cards' "minimum payment due" to be paid automatically each month? Even if you still prefer paper statements, you can use your bank's online feature to ensure you're never late making a credit card payment (and any other bills you care to schedule) again. If you don't know how to set this up, just call or visit your banker.

To learn more, visit https://www.bankrate.com/finance/credit-cards/ways-to-pay-off-credit-card-debt/.

Budgeting is a Balancing Act.

When it comes to money, attitude can be everything. If your self-talk leads you to believe that you owe yourself an around-the-world vacation for all that you have been through, be careful. If your monthly expenses are greater than your monthly income right now, don't do it, because the only way to afford it is to go outside of your budget. This is not taking responsible control of your financial situation. The prudent decision is to save for such a trip. Here are four additional attitudinal changes that might help you stick to a budget:

- Make only preplanned shopping trips. Shop with a list to curtail impulse buying. Never go grocery shopping when you're hungry.

- Keep your emotions in check with the checkbook. Refrain from shopping when you are on an emotional high, when you're worried, or when you're angry. Don't let online shopping be your magic sauce when you're feeling lonely and isolated. Amazon has made it too easy to shop by credit card.

- Don't try to keep up with your neighbor or other widows in your grief or church group. Don't go shopping with a shopaholic. Beware the company you keep.

- Skip the malls. When you're feeling sad or depressed, go to a movie, jog, take a walk, or call a friend. Much cheaper than Nordstrom.

- Distinguish between wants and needs. Always address your needs first (by the way, saving and paying down debt are needs, too!).

Finally, here are a few spending benchmarks with which to use to guide your spending:

- Your monthly mortgage or rent should be less than 30% of your monthly (net) income.

- Your total debt, including your mortgage, should not be more than 36% of your gross monthly income.

- Charitable giving up to 10%, but less if you're struggling (this is a variable expense).

- You should save 10% of your net income each month for an emergency fund.

As you work on paying bills and living within a budget, you may want to put your credit cards in the freezer. Use them for emergencies only. Better yet, create an emergency fund – a “rainy day fund” - that you can draw on in crisis.

6. MY EMERGENCY FUND.

With an emergency fund you'll have cash available when things go wrong. And if you have been recently widowed, you can expect just about anything to go wrong. An emergency fund ensures you can deal with the unexpected. You'll feel better prepared knowing it's there.

Dave Ramsey, a personal money-management expert, popular author and national radio personality, is a big advocate of emergency funds; in fact, it's his Baby Step #1. He suggests putting $1,000 aside to get your emergency fund started. He then proposes adding to it in Baby Step #3 after you've reduced your debt to only your home mortgage (that is, paid off all credit cards as just discussed).

His recommendation is to put 3-6 months of living expenses into your emergency fund, which is simply a rule of thumb but a nice starting point. If you were a two-income earner family, with stable jobs and income, three months may have been sufficient. Now widowed, you probably need more than that, up to six months, and perhaps up to a year's worth if you're also caring for a young child(ren) or dealing with medical conditions.

The reason for this larger amount is to ensure you don't fall into debt when there is a crisis – water heaters, car repairs and new roofs are expensive! The last thing you want to do is put the cost of a new furnace on your credit card and make minimum monthly payments while racking up nineteen percent – or worse – interest charges. Nor do you want to be forced to invade your IRA for the cash – especially when you are going to incur taxes and possibly a 10% penalty for early withdrawal. An emergency fund provides you ready and penalty-free cash when things go wrong.

It's also a good idea to keep these funds liquid, meaning available today. The best place is probably your bank savings or money market account, but not if it's also providing your checking account overdraft protection. Your checking account is not a good place, because it's too easy to access. You're in the habit of spending what's in your checking account, not saving. Using short-term certificates of deposit – like a three-month CD – may be alright for a portion of your emergency funds, but you don't want to wait until maturity when you need the money today.

Alas, an emergency fund may not be your only avenue to extra cash when things go wrong. Did you know that your original investment – and any additional contributions – in your Roth IRA is always available to you? This is referred to as "basis," and you can access your basis penalty-free at any time, if needed. The purpose of a Roth IRA is to grow your retirement savings, so we only recommend this as a "last resort," but you should at least be aware of this source of cash.

Do you own your home? The equity in your home is also a potential source of extra cash when things go wrong. Consider opening an equity line-of-credit for this purpose. You pay no interest unless you actually access these funds, and the interest you will pay is so much lower than what you will pay if you use your credit card(s). And just in case it bears repeating, credit cards are not emergency funds! They are high-interest liabilities, which is why you need to establish an emergency fund in the first place – so you don't have to rely on credit cards. Check with your banker to see what you might qualify for.

Establishing a well-funded emergency fund provides peace of mind. Ensuring you have an emergency fund is the financially sound way of preparing to deal with the uncertainties ahead of you.

To learn more, visit https://www.nerdwallet.com/article/banking/savings/emergency-fund-why-it-matters.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed and understand my monthly income	
☐	I have reviewed and understand my monthly fixed expenses	
☐	I have reviewed and understand my monthly variable expenses	
☐	I have reviewed and understand my monthly money flow	
☐	I have calculated my net worth	
☐	I understand the options for converting net worth into income	
☐	I understand the benefits of a monthly budget	
☐	I have a plan to handle outstanding bills, if applicable	
☐	I have reviewed and understand my mortgage options	
☐	I understand the importance of an emergency fund	

MY NOTES

TOPIC 3 | UNDERSTANDING MY BANKING

The following content is provided as general information. It is not intended to replace a consultation with a banker or financial advisor in your state.

1. MY BANK ACCOUNTS.

You may be familiar with your bank accounts, or not. Regardless, it is prudent to call your bank and ask for an appointment to meet with a manager. Explain your situation and ask the manager to help you make any necessary changes to your accounts. Here are a few scenarios:

- If your spouse had an account in their name, the balance will be transferred to an estate checking account using a new E.I.N. and the account closed. An existing account cannot be converted to an estate checking account. This account will remain open until you decide it's no longer needed, which could be months and even years from now.
- If you have a joint account, it will eventually be closed but you should plan on keeping it open and using it like you are now for about a year.
- If you have no account(s) in your name, you should establish one.

You may want to ask your banker to see a list of all your joint and individual accounts at the bank. These may include checking and savings accounts, retirement accounts (such as IRA and Roth IRA accounts), and certificates of deposit (CDs). If you have any loans with the bank, make sure you understand them, as well.

To manage your various bank accounts, use the My Bank Accounts worksheet, Appendix C.

Your needs may be different than before. The manager should explain what services the bank offers, just as with any new depositor. Keep in mind that your banker wants to retain you as a customer and retain your assets. Banks are accustomed to helping widows, but be cautious about initially investing additional money (your insurance proceeds, for example) at the bank, especially in long-term CDs, before you fully understand your total financial picture. For now, keeping new money in your checking or savings account is fine. Don't be pressured into "putting your money to work" right away.

Online Banking or Paper Statement?

There is nothing wrong with banking online if you are comfortable doing so. Many are not, so don't feel badly if you feel lost when it comes to managing your finances online. As mentioned earlier, we highly recommend getting paper statements until you are comfortable with your financial situation. The more banks you have, the more online accounts you may have—it can get confusing very quickly! Therefore, the fewer banks and/or credit unions, the better. If you can consolidate banks and accounts, this is the time to do that. Most people need one checking account and associated savings account. If you are self-employed, you may also need a separate checking account for your business. Reviewing a single, consolidated bank statement, on paper, makes it easier to track your budget.

"What good is online banking if you can't download free money from the Internet?"

GOOD TO KNOW.

An online feature that we recommend is to set up smartphone notifications, which you can do online yourself or your banker can do on your behalf. Smartphone notifications will be sent to you SMS (text) when deposits are made, when ATM withdrawals are made, or when purchases over a certain preset amount occur. You control what you want to be notified about. This feature helps protect you and keep you informed about your bank activity.

To learn more, visit https://www.bankrate.com/banking/savings/online-vs-brick-and-mortar-banks/.

Using an Estate Checking Account.

When necessary, the executor will need to open an estate checking account. The estate checking account is temporary and is used to combine all the decedent's liquid assets and pay the expenses of the estate, as we discussed previously.

If all assets and liabilities were owned jointly, you won't likely need an estate checking account. But if your spouse had assets and liabilities in their name only, it is likely that opening an estate checking account will be required. We recommend you consult with a probate attorney or estate planning attorney if you are not sure. Your banker, coach, or financial advisor may be able to advise you, too.

To open an estate checking account, you or your attorney will need to apply for an E.I.N.—Employer Identification Number—which is not unlike a social security number. The E.I.N. is obtained directly from the IRS. There's no fee, and the online application is straightforward (just visit www.irs.gov and search for E.I.N.). Once you have the E.I.N., you'll share it with your bank and the estate checking account can be opened.

GOOD TO KNOW.
You may receive checks made out to your spouse from those who are unaware of their death. As executor, you may endorse them and deposit them into the estate account. Do NOT deposit them in your account or the joint account by mistake. You should not be writing checks out of your personal account to pay estate bills, and vice versa.

What Happens to My Bank Account(s) if I Get Incapacitated?

If you had a stroke or an accident that leaves you mentally or physically incapacitated, you would need someone to manage your affairs. Sooner or later, your signature would be needed to manage a bank account, pay a bill, or handle your property. Without planning for incapacity, you could find yourself and your family in a difficult situation.

One option that many use is a durable power of attorney. We'll discuss the importance of this again in a subsequent session, but a durable power of attorney is an arrangement whereby one person authorizes another to act on their behalf as their agent ("attorney in fact"). This agent has the authority to conduct business for you to whatever extent you desire.

Unfortunately, a durable power of attorney may not be all that is required. Many banks and financial institutions now have their own form of power of attorney and will not act based on other powers of attorneys alone. As a result, sometimes institutional forms are needed in addition to a durable power of attorney. Therefore, check with your bank and other financial institutions where you do business what they require.

Other options include adding a joint owner or a signatory on your checking and/or savings account(s). Discuss these options with your banker before such a crisis. There are pros and cons to both.

What Happens to My Bank Account(s) When I Die?

At that point, it hardly matters to you, but it's a big concern for your heirs. If the account isn't held jointly or in a trust, the account is off-limits until the estate is settled in court. Literally, your assets are frozen for your protection. In the meantime, a judge may issue a letter that grants an executor access.

Survivors who believe they can access an account often find they cannot do so because of its ownership structure. For instance, a son might believe he will have access to the joint account with his mother when, in fact, he is not a joint owner and the power of attorney is no longer enough to gain access (that power ends at the time of death, unfortunately).

"Of course we don't keep your money in a vault. That's the first place robbers look!"

The most important thing for family members and other heirs to know is that they should never forge the signature of the deceased to pay bills or use the person's ATM or debit card to get cash. That's fraud. The same goes for using online banking to pay bills.

If the account is held jointly, with a family member, let's say, the surviving account holder would need only to present a death certificate to have the deceased's name removed from the account. The surviving account holder could then use the account as necessary to settle the estate.

If the bank account is held in a living trust, the successor trustee(s) named in the trust document can present the death certificate and a copy of the trust certificate to the bank to take over the account. This is true of any investment accounts held in the trust, too.

Deposits aren't scrutinized like withdrawals. Banks typically allow others to deposit checks into someone else's bank account(s). Having said that, banks have become stricter about this to avoid running afoul of anti-money laundering laws, so check with the bank beforehand. Automatic deposits and payments typically continue without interruption until the bank is notified of the account holder's death. This notification should be made promptly, especially if others are authorized to use a debit card.

Sometimes an account is frozen after someone's death, even if no family members tell the bank. This can happen because the funeral home may notify the Social Security Administration on behalf of the family, and that notification can terminate Social Security payments, which typically are direct-deposited.

Here are proactive steps you can take *before* you die:

- Because online statements have become the norm for checking accounts and savings accounts, it's important to provide detailed records for your heirs so they understand how many accounts you hold and where they are located. Don't forget to provide log-in credentials!

- Simplify accounts whenever possible by consolidating them. If there is a savings account here and a checking account there, it is a good idea to eliminate those you don't use much and have all your banking under one roof. The same goes for your investments; you simply don't need small IRA accounts all over town – combine them with one broker-dealer, one financial advisor. If you simplify things now, you'll make it simpler for those you leave behind when you die.

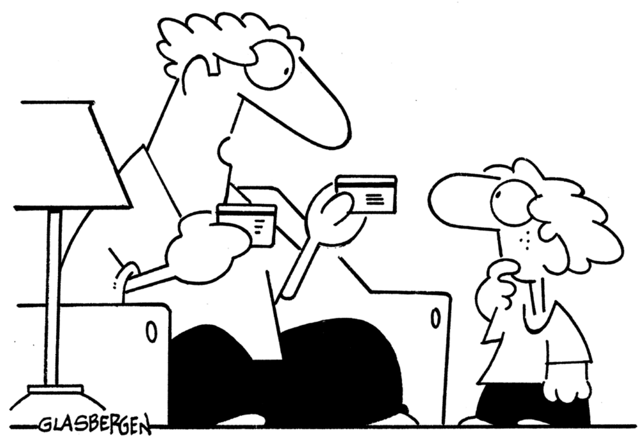
- How is your account(s) titled? What will happen to your funds when you die? Discuss adding the "payable on death" (POD) feature so that the funds go straight to a beneficiary(ies) or directly to your trust. This will keep your funds liquid and most likely out of probate court.

- Pre-plan your funeral. One of the main reasons people need quick access to a person's bank account after they have died is to cover the funeral arrangements, which can be expensive. Planning ahead alleviates that stress during an emotional time.

2. MY CREDIT CARDS.

What Do I Do With My Spouse's Credit Cards?

First, discontinue any use of them, even if you are an "authorized user." If you continue to use a credit card that is "owned" by the deceased, you could be held criminally liable for the purchases. This applies to debit cards, too. There could be additional authorized cardholders on the account you may not be aware of, so when you talk to the credit card company(ies) be sure to ask about all users on the account(s). If other users are listed, contact them to let them know you're closing the account(s).



"There is a magnetic strip on the back of every credit card. The magnets help stores pull you inside."

You must contact each credit card company(ies) to let them know about your spouse's death and to cancel any credit card(s) in your spouse's name. The sooner you do this the less chance of fraudulent activity. In most cases, credit card debt is wiped clean after someone dies, but not always (e.g. you live in a community property state; learn more by visiting https://www.investopedia.com/personal-finance/which-states-are-community-property-states/).

If your spouse was using their credit card(s) to pay regular household expenses (e.g. lawn and sprinkler maintenance), you'll need to change the payee to something else. All charges should stop on the day of death and no subsequent charges should occur. (This is why we previously separated your spouse's bills from yours, looked at your spouse's assets and liabilities, and reviewed your expenses – to ensure you knew who is responsible for what bill.)

If your spouse had many credit cards in their name, it is advisable to keep a record of who you spoke with, the date you spoke to the representative, and any important notes from the conversation. If there is an outstanding balance on the card, the representative may ask you what you plan to do about it. You are not responsible for it; your spouse's estate is. Neither are you under any obligation to answer the question; in fact, it's best to simply say nothing or words to the effect that "the deceased's estate is still being determined." They are going to want payment if they can get it, but you are under to NO obligation to pay them (and they know this).

Let's take an actual case. Your spouse had a credit card in their name with a bill due and a $5,000 balance when they died. That bill is now over-due. Here's what you should and should not do:

1. As tempted as you might be, do not pay the overdue bill using your personal or joint checking account; this bill and balance should only be paid from an estate checking account, opened at your bank after you applied for and received an E.I.N.. You might be able to write a check and pay off this bill, but here's the problem: how many other creditors does your spouse owe? You can't pay one creditor 100% and pay another anything less. That's not equitable, which is why a probate court makes these determinations.

2. Contact the credit card company and explain that your spouse has died and request the account be closed (to prevent any fraudulent activity). Destroy the credit card(s). Send the creditor a certified copy of the death certificate, if requested. Obtain the specific address (it may be different than where payments are mailed). Send via certified mail.

3. Often, they will forgive the debt and close the account once they've received the death certificate. They may even tell you this over the phone. If they offer to do this, get a record of who you spoke to, date/time, and what was said.

4. Optionally, if you need to send them the death certificate, include a letter restating the conversation, signed by you. Send via certified mail so you know they received it.

5. If the credit card balance is large, they may not be so willing to forgive the debt. They will always prefer to get paid. When you call to notify them of the death, they may ask you what your plan is to pay off the debt. Say no more than this: "My spouse's estate is being determined. I don't know if there are enough assets (money) to cover all the liabilities (bills)."

6. If you haven't already, determine your spouse's estate. The all-important question is if there is enough money in the estate to pay off all the creditors. If not, a court (not you) needs to determine how much each creditor should receive, if anything. As stated before, you need to work with an estate planning attorney or probate attorney to help you navigate the legal administration of your spouse's estate.

What Do I Do With Our Joint Credit Cards?

Your joint credit cards may have been issued because of your spouse's earning ability and credit worthiness. If you don't have the same earning power, the credit card company may be reluctant to provide you with the same credit terms until you demonstrate your credit worthiness. This takes time, and some surviving spouses try to sidestep this "nuisance" by neglecting to notify the credit card companies of their spouse's death. Doing this only delays your establishing your own credit history. With your spouse gone, you are now solely responsible for the charges on the joint card(s), including any purchases charged by your spouse before they died. You might as well get them transferred to you.

GOOD TO KNOW.
If you do not already have a credit card in your own name, apply for one with your bank before destroying your joint credit card(s). But don't stop there! Did you know that you can schedule your credit cards' "minimum amount due" to be paid automatically each month? You'll never make a payment late again. You can always pay more, but at least you know that the minimum payment will be made on time each month. This is just one less thing to think about and it will help you build stronger credit. You can use your bank's online bill-pay feature even if you are receiving paper statements. If you're not sure how to set this up, contact your bank's customer service department.

What About the Reward Points?

Many credit cards offer reward points or other perks. It would be nice to retain these before closing the accounts, right? This isn't always possible after death, unfortunately. Before closing any accounts check with provider(s) to see what is possible.

To learn more, visit https://www.nerdwallet.com/article/travel/how-to-make-use-of-the-points-and-miles-from-a-deceased-family-members-account.

Credit Card or Debit Card?

Did you know that a debit card, while useful, does not help you build credit? Did you know that you can be responsible for debit card fraud, while the issuer—your bank—is entirely responsible for credit card fraud? Did you know that you can't earn miles and other perks with a debit card? Did you know that it's easier to travel with a credit card than with a debit card (some rental car companies won't accept debit cards or will charge you a higher rate if you do)? These are all reasons for obtaining and using a bank credit card (wisely).

To learn more, visit https://www.investopedia.com/articles/personal-finance/050214/credit-vs-debit-cards-which-better.asp.

Joint Line(s) of Credit.

This is tricky, because the line of credit, like a HELOC (Home Equity Line of Credit), doesn't simply pass to the surviving spouse. In most cases, the level of credit was determined based on both spouses applying for the credit line. With one spouse gone, the bank is likely to close your joint line of credit - even with a zero balance - and insist you open your own personal line of credit (and likely at a less favorable interest rate). If there is a balance on the joint line of credit, you are now responsible for it, which is no different than with a joint credit card. You can show good faith and that you are a creditworthy person by ensuring the line of credit gets paid off, which will go far toward building your credit and making a line of credit available to you in the future if you need one.

To learn more, visit https://www.investopedia.com/terms/l/lineofcredit.asp.

3. MY SAFE DEPOSIT BOX.

If you don't have a safe deposit box, you can skip this.

If you do, you'll want to inventory the contents of the box. Set aside a morning to go to your bank; you'll need the box key, and you may also want to bring a notepad, pen, and perhaps a briefcase or tote for anything you might want to bring home.

Once the bank officer delivers your box, take it into one of the private rooms. Make a list of everything in the box. Or, if you no longer wish to maintain the safe deposit box, load everything into your briefcase or tote. When home, put the original documents in a file labeled, "Safe Deposit Box." The following original documents are often found in a safe deposit box:

- Your spouse's will
- Insurance policies
- Military discharge papers (Form DD 214)
- Birth certificates
- Marriage license
- Real estate deeds
- Stock and bond certificates
- Buy-sell agreement for your spouse's business, if self-employed

There are pros and cons to using a safe deposit box. The pro is that important papers are safe. The con is the difficulty in accessing the box by your heirs, beneficiary(ies), or attorney(s)-in-fact upon your death if sufficient arrangements are not in place. You can discuss with your banker and decide later.

To learn more, visit https://www.aarp.org/money/investing/info-2020/what-to-lock-in-safe-deposit-boxes.html.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have met with my banker to review all my accounts and/or bank loans and options	
☐	If an estate checking account is required, I have obtained the E.I.N. and provided it to the bank	
☐	I have opened a checking account in my name if I didn't already have one	
☐	I understand any joint account(s) should remain open for about a year and then closed	
☐	I have inventoried my Safe Deposit Box, if applicable	
☐	I have closed my spouse's bank credit card account(s); I will retain the bank and credit card records for tax purposes	
☐	I have determined if there are reward points/perks I can use before closing any bank credit cards	
☐	I have opened a bank credit card in my name before closing any joint credit card(s) if I don't already have one	
☐	I have set up text alerts on my smartphone to notify me of bank activity	
☐	I have automated monthly payments to ensure the minimum amount due is paid on my bank credit card(s) so I'll never be late	
☐	I understand the difference between credit and debit cards	
☐	I have reviewed options for ensuring access to my bank accounts should I become incapacitated	
☐	I have reviewed options for ensuring my bank accounts bypass probate court	
☐	I have reviewed where it makes sense to consolidate and simplify accounts	

MY NOTES

TOPIC 4 | UNDERSTANDING MY INVESTMENTS

The following content is provided as general information. It is not intended to be replace a consultation with a financial advisor in your state.

We are not going to attempt to teach you everything you might need to know about investing, but we are going to provide you with basic information that you should understand. If you have no investments whatsoever, please skip this topic for now.

1. INVESTMENT BASICS.

Investments generally fall into two categories: debt (bond) and equities (stocks). When you "loan" money to a company to use, you buy a bond. This is a debt investment. When you "buy" a stake in a company that you want to own, you buy shares of stock. This is an equity investment.

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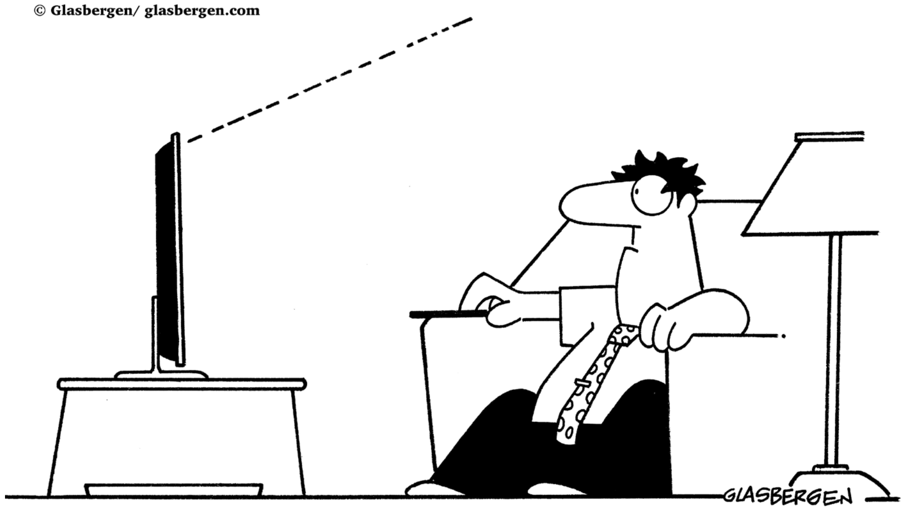


" Stocks plummeted today to a near-record low because that's what stocks do sometimes."

Investments range from money markets to stocks, as depicted below:

	Risk	Liquidity	Rate of Return	Tax Treatment
Savings Accounts	No risk	Very high	Low (0-1%)	Taxed
Money Market	Very low risk	Very High	Low (0-1%)	Taxed
CD	Very low risk	Moderate	Low (1-2%)	Taxed
Fixed Index Annuities	Low risk	Very low	Low (2-3%)	Taxed
Variable Annuities	Moderate risk	Low	Varies	Tax deferred
Treasuries	No risk	Moderate	Low (1-2%)	Federal tax only
Bonds & Bond Funds	Moderate risk	Varies	Varies (2-6%)	Taxed
Municipal Bonds & Municipal Bond Funds	Moderate risk	Varies	Varies (4-7%)	Tax exempt
Balanced Funds	Moderate risk	High	Varies (3-6%)	Taxed
Stocks, ETFs & Growth Funds	High risk	High	High (5-10%)	Taxed
IRA	Varies	Low until 59 1/2	Varies	Tax deferred
Roth IRA	Varies	Low until 59 1/2	Varies	Tax free

Things to Consider When Selecting an Investment.

There are several factors an investor should consider in selecting a "portfolio" of investments, including these most important ones:

- Risk
- Liquidity
- Rate of Return
- Impact of Taxes

Risk.

Risk is the possibility of your investment losing some or all the value. The more risk you take, the greater the chance you could lose value, and vice versa. That's how most think about risk, but in fact, there are many kinds of risk, including market risk, inflation risk, interest rate risk, credit risk, call risk, liquidity risk, currency risk, and political risk, to name a few. To make it even more confusing, not all investments carry the same risks; each investment must be considered individually. Generally, debt investments are less risky than equity investments.

One of the most common methods of determining the risk an investment poses is standard deviation. Standard deviation helps determine market volatility or the spread of asset prices from their average price. When prices move wildly, standard deviation is high, meaning an investment will be risky. Low standard deviation means prices are calm, so investments come with low risk.

Depending on your investment goal, you would most likely use both debt and equity investments in your portfolio. An all-debt portfolio would provide you more safety – less risk - than an all-equity portfolio, but also lower returns. And vice versa. So, you generally find that a portion of a portfolio is allocated to debt and a portion is allocated to equities. Risk is more "balanced" this way. For example, a typical growth portfolio would have 60% allocated to equities and 40% to debt (also referred to as "fixed income"). More on this later.

Liquidity.

Liquidity is the ease at which an asset can be sold and turned into cash without any loss. Your home is not liquid, because it cannot be easily redeemed for cash. A stock is liquid, because it can be sold any time during market hours, Monday through Friday. Investments that you may need to turn into cash right away should stay liquid, and vice versa. So, it really depends on your investment objective how much liquidity you need.

Rate of Return.

The reason investors invest is to increase the value of their initial investment. This is called a “return.” The more risk you’re willing to take, the higher the expected return. The “rate of return” is the percentage increase (or decrease) of the investment value over a specific period. “My Apple stock returned 12% last year,” for example. Returning to the table above, you can see that the returns are lower for low-risk investments compared to the returns for high-risk investments. This is referred to as “risk/reward.” The more risk I am willing to take, the more reward I expect (but don’t always get). This rate of return is referred to as the “nominal return,” and is useful when comparing one investment with another. The “actual return” may be less when fees, taxes, and inflation are factored in.

Impact of Taxes.

In most cases, the government wants to share in your reward—your investment return, or “gains.” This means that if you make money, you’ll probably have taxes due, now or deferred until later. We call this return the “after-tax” return. Referring to the example above, if my Apple investment made 12% last year, what I actually get to keep is less, and how much less depends on my income, or tax bracket. Referring to the table again, some investments are taxed, some are deferred, and an investment in a Roth account grows tax-free—this is why we highly recommend having and contributing to a Roth IRA!

Asset Allocation and Diversification.

These two concepts are basic to investing. We briefly mentioned asset allocation above, which is the most important factor influencing a portfolio’s return. Basically, it is the relative mix of investments in your portfolio. This might include a mix of stocks, bonds, cash, and real property. The higher percentage of stocks, the riskier your portfolio, and vice-versa. A “balanced” portfolio contains roughly 50% in stocks and 50% in bonds. An “aggressive” portfolio might have 80% stocks, 10% bonds, and 10% real estate, for example, while a “conservative” portfolio might have only 25% in stocks, 50% in bonds, and 25% in cash or “cash equivalents,” like CDs and treasury bills (or notes and bonds).

As you can imagine, there are many ways to allocate a portfolio, depending on your investment goals, risk tolerance, and other factors.

"Diversification is important. The more investments you have, the longer it takes to figure out how much you've lost."

Diversification helps a portfolio in many ways, but chiefly helps manage market risk. Basically, you don't want to put all your "eggs in one basket." The reason is that not all investments perform in the same direction at the same time. Often, when bond values are going up, stock values are down. When both stocks and bonds are going down, other investments may be going up. A portfolio may include both liquid investments like stocks and illiquid investments like long-term CDs (you could take a loss by selling them early). Not all bonds are the same, so you might also diversify between short-duration bonds, corporate bonds, high-yield bonds, and 30-year Treasuries.

Building and maintaining a successful portfolio through economic and market up's and down's requires expertise, which comes with a financial advisor, but the concepts are straightforward.

Enemies of Your Money and Investments.

The three worst enemies to your money and growing wealth (net worth) are debt, inflation, and taxes:

Types of Debt	Impact of Inflation	Types of Taxes
Mortgage	Rising Prices	Income Taxes
Auto	Annual Inflation of 1.6-3.3%	Sales Taxes
Credit Card	Decreases Buying Power	State Taxes
Home Equity Loan	Can send economies into recession	City Taxes
Student Loan		Property Taxes
Personal Loan		Social Security Taxes
Other Debt		Capital Gains Taxes

Let's look at examples to see how debt, inflation, and taxes impact your money.

- We know that CDs, which are very safe from loss, typically earn between 1 and 2% depending on the maturity date (3-month, 6-month, and 9-month CDs earn less than 12-month, 18-month and 24-month CDs). If we look at inflation, which has averaged nearly 3% for decades, we can see that owning a 12-month CD does not earn enough to even outpace inflation. In fact, the math suggests you are "losing" money by investing in a CD (1.0% - 3.0% = -2.0%). This is before considering the tax impact, if any. So, CDs are not the right investment if you want to grow your portfolio. You must take more risk to stay ahead of inflation. Short-term CDs may be excellent for part or all of your emergency savings.

- Conversely, we know stocks typically generate the best returns. Returning to our Apple stock, if it returned 12% in one year and I then sold it, my net return, after inflation and capital gains tax, is closer to +6.5%. Wow! This is why you invest early and continue to invest throughout your life—it takes time to build wealth.

You can see why carrying debt is such a serious problem. With a return rates of 2% on a 12-month CD and knowing that your typical credit card charges 19%, every dollar you owe a credit card company negates $17 in savings. *That is why paying down and eliminating debt is an essential part of your long-term financial strategy.*

What about the impact of taxes? If you are retired, living on fixed income and the interest and dividends from your taxable investments, you'll need to earn more to net more due to taxes. The table below shows you the impact of taxes on investment income. We refer to these as Taxable Equivalent Yields, actual yield after taxes. For example, if you are in a 15% tax bracket, a 6% yield from your investments will result in a 5.1% actual yield or return. The impact of taxes can take a big bit out of your returns.

	6% Yield	8% Yield	10% Yield
Taxed at 15%	5.1%	6.8%	8.5%
Taxed at 28%	4.3%	5.7%	7.2%
Taxed at 31%	4.1%	5.5%	6.9%
Taxed at 36%	3.8%	5.1%	6.4%
Taxed at 39.6%	3.6%	4.8%	6.0%

2. MY INVESTMENTS.

Accounts in My Name Only.

If you have an investment account(s), in your name only, there is nothing for you to do except to consider adding a beneficiary to the account to bypass probate upon your death. You can also convert the account into a joint account, but that is a separate discussion in the future. For now, if you haven't already, it is very simple to add the "transfer on death" (TOD) feature and name a beneficiary(ies).

If you own no investment accounts in your name only, you can skip this. However, if you received insurance proceeds and plan to invest a portion or all of these funds in an individual brokerage account, you will need to open one.

Jointly-Held Accounts.

Did you and your spouse own a joint brokerage account?

When it comes to the death of a brokerage account joint holder, most firms tend to follow a similar process of transitioning account assets from the joint account to an individual account in the surviving spouse's name. For our purposes, we'll assume that you, the surviving spouse, were the only other account holder.

In this case, providing a certified copy of the death certificate will get the ball rolling. You'll likely have to complete a new account form, as well. An individual account will be created for you, and the assets will be journaled directly into your new individual account (assuming you are keeping your account with the same firm). The firm's staff will work with you to get the account created. The following points should be considered and discussed with your coach or your financial advisor before doing so:

- The assets—investment holdings—transferred to your new, individual account may or may not be appropriate for your new situation and your needs. Changes may be necessary.
- Understand the pros and cons of selling investments. If you plan to sell assets, there likely will be costs and tax consequences resulting from the sale. Selling decisions should align with your overall investment objectives. Consider consulting a tax advisor for guidance.
- Assess whether the current firm and broker are right for you. You are not required to stay with your spouse's firm or the broker who handled the account—and you should not be pressured to do so. That said, don't feel compelled to transfer your account to another firm, and don't transfer assets or buy new ones without doing your due diligence about any new firm or financial advisor. Given the choice, always choose to work with a financial advisor with a CFP designation.
- In the event you become incapacitated, who would you want to access your account or act on your behalf? Is this person named on your (durable) power-of-attorney and have you completed any forms your firm requires for the purposes of another acting on your behalf?
- In the event of your death, what do you want to happen to your account(s)? If you do no planning, the account likely will be part of your estate and subject to probate court. To avoid the time and expense of probate court, you can add a joint owner or add a beneficiary(ies) using the transfer on death (TOD) feature.

In this case, providing a certified copy of the death certificate will get the ball rolling. You'll likely have to complete a new account form, as well. An individual account will be created for you, and the assets will be journaled directly into your new individual account (assuming you are keeping your account with the same firm). The firm's staff will work with you to get the account created. The following points should be considered and discussed with your coach or your financial advisor before doing so:

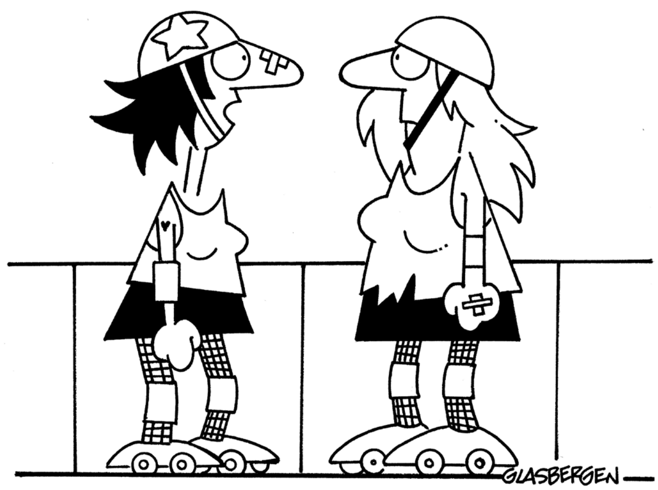
- The question of whether to open a joint brokerage account with someone is a complicated one. A joint tenancy with a spouse is an easy way to share investments, avoid probate, and keep continuity of ownership should one spouse die. Joint tenancy ownership with others may make sense depending on the circumstances. But before sharing ownership of anything, it helps to tread carefully and understand the risks, even if you're considering a family member.

- For an individual account, a TOD registration generally allows ownership of the account to be transferred to the designated beneficiary upon your death (and not before). Keep in mind that if the will stipulates anything about such accounts, the named beneficiaries on the account take precedence over anything stated in the will, and the assets will be distributed to the named beneficiary(ies).

    - A TOD registration can also be added to a joint brokerage account. The transfer becomes effective for joint accounts if both owners die simultaneously.

3. MY RETIREMENT SAVINGS.

Let's switch gears and talk about your retirement savings—those investments that would support you in your retirement. This includes traditional IRAs, Roth IRAs, and employer plans like a 401(k) or 403(b). Most Americans have not saved enough for retirement; you may fall into this category, especially if your spouse did not save for retirement. If you have no retirement assets, you can probably skip this topic.



"My roller derby name is 401(k). After my last quarterly statement, it's the scariest thing I could think of!"

If you own an IRA, congratulations, and if you also own a Roth IRA, double congratulations! You already realize the importance of saving for retirement. Work with your coach or financial advisor to ensure they are properly allocated and diversified, and that the performance is meeting your expectations. We're happy to be another set of eyes if you would like us to review your investments. Your coach will not, however, make specific product recommendations.

ACTIVITY. Please complete the worksheet below. Having your most recent investment statement(s) may be helpful.

My Retirement Assets	Balance	Allocation	Risk Level	Holdings	Located
IRA - Example	*$12,000*	*60/40*	*Moderate*	*Mutual Funds*	*TCF Bank*
IRA 1	$				
IRA 2	$				
Roth IRA	$				
Other:	$				
Other:	$				
My Employer's Plan (e.g. 401(k))	$				
My Spouse's Rollover 1	$				
My Spouse's Rollover 2	$				
Other	$				
TOTAL	$				

Given the above information, the following points should be considered and discussed with your coach or your financial advisor:

- Are your asset allocations appropriate for your risk tolerance, understanding that everyone's tolerance for risk in a rising-market environment is higher than when the market is volatile (volatility can be defined as the range of stock prices around a mean—the more fluctuation in a stock price, or the market in general, the higher the volatility) and falling?

- Do you have IRAs in multiple locations? It may be to your advantage to consolidate them in one place; it will certainly simplify managing your investments.
- Do you understand what you are invested in? For example, if one of your holdings is SPY, do you know this is an exchange traded fund (ETF) that represents the S&P 500, which comprises 500 large- and mid-cap U.S. stocks? Do you know the risk associated with SPY?
- Are your holdings diversified? In other words, does your portfolio hold more than just SPY, using the example above?
- If your spouse had an employer retirement plan at the time of their death, have you worked with their employer and plan sponsor to rollover their account to your IRA? (If your spouse changed jobs multiple times in their working life, you may end up with different retirement accounts that you will want to consolidate into one. Do so with caution, as there may be exit fees. Not all assets can be consolidated, so seek the advice of your coach or financial advisor.)
- Have your beneficiaries been updated for each investment account?

GOOD TO KNOW.

The optimum situation, generally, is to have all your retirement accounts with one institution, managed by one financial advisor. This follows the KISS principal, "Keep It Simple, Stupid." This will provide you with one consolidated statement to review each month and will help you and your advisor better plan for your future.

Inherited Roth Account(s).

It can be confusing when your spouse has retirement accounts and you are trying to figure out what to do with them. We provided specific guidance previously about inherited IRAs. We didn't talk about an inherited Roth IRA

Most likely, you were named as the primary beneficiary on your spouse's Roth IRA. Most choose a simple, spousal transfer. If you are the sole beneficiary, you have the option to treat the account as your own. You can transfer your spouse's Roth into your own or open a new Roth IRA account for this purpose.

Roth IRAs are particularly valuable as estate-planning tools. With a Roth IRA, there are no RMDs to take during your lifetime. And all the distributions you take in retirement are tax-free (assuming the funds have been in the Roth IRA for at least five years). That means you either have full use of all of it, with no tax hit—or you can leave your money in a Roth IRA to grow and pass along to your heir(s).

To learn more, visit

https://www.investopedia.com/inheriting-roth-ira-from-parent-5220471.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed my brokerage/taxable investment accounts; I understand if changes might be made	
☐	I have reviewed my retirement savings investments, including any rollovers from my spouse; I understand if changes might be made	
☐	I have reviewed my asset allocations for each account and they align with my risk tolerance and investment goals; if not, I understand changes might be needed	
☐	I have initiated the rollover process for any rollovers still outstanding, if applicable	
☐	I have reviewed and understand my RMD options, if applicable	
☐	I have reviewed and updated all beneficiaries on my retirement savings accounts	
☐	I have reviewed options for ensuring access to my investment accounts should I become incapacitated	
☐	I have reviewed options for ensuring my investment accounts bypass probate court should I die	
☐	I have reviewed where it makes sense to consolidate and simplify investment accounts	

MY NOTES

SESSION 4
LET'S GET STABILIZED

"

"I don't want to get to the end of my life and find that I have lived just the length of it. I want to have lived the width of it as well."

~ Diane Ackerman

OBJECTIVES:

- ✓ Help you take legal ownership of your assets
- ✓ Help you understand your tax reporting responsibilities
- ✓ Help you understand your insurance needs
- ✓ Help you understand how to legally protect your, your family, and your estate
- ✓ Help you consider options for managing your household alone to enhance your safety and reduce expenses+

TOPIC 1 | TAKING OWNERSHIP OF MY ASSETS

The following content is provided as general information. It is not intended to replace a consultation with an attorney or financial advisor in your state.

You may have assets that you use today that you don't legally own, at least on paper. You'll have to take action to continue to use these assets. The good news is that you may continue to use joint property after the death of a co-owner.

There are various forms of property and asset ownership. A person may own property individually or own it together with another person(s). Property can also be owned by an entity like a business or a trust. Some assets might be owned by a single person but one or more beneficiaries may have been designated to inherit the assets in the case of death. It is important that you become familiar with these different ownership types so you can claim property you are entitled to before probate proceedings. Some simple questions you can ask are: Is my name on the title? Am I a designated beneficiary?

1. MY REAL ESTATE.

Most likely, you and your spouse owned your own home. The expectation was that you would continue to live in your home even after the death of your spouse. What happens to the ownership of your home, generally, after the death of a spouse, depends on what type of ownership you and your spouse had in the house. There are three types:

- **Tenancy in the entirety.** This means that both husband and wife own the entire property together. If one dies, the house automatically belongs entirely to the surviving spouse without going through probate court. This type of ownership also protects the surviving spouse's interest in the property from creditors who may have been owed money by the spouse. Neither spouse can sell their interest in the property alone unless they are divorced.

- **Joint tenancy.** This is similar to tenancy in the entirety but for nonmarried couples. Both parties have an equal undivided share of the property and a right of survivorship. Once again, if one partner dies, the other partner automatically gets the entire house without going through probate court. Both parties must agree to sell the property.

- **Tenancy in common.** In this arrangement, both parties own part of the property, and the ownership need not be equal. The arrangement can be 50/50 or any other percentage. This also differs from a joint tenancy or tenancy in the entirety in that either party can sell their share of the property at any time. Furthermore, there is no right of survivorship. If one party dies, their share of the house does not go to the other party. It would go to the deceased party's heirs as specified in the will or, if the person has none, it would be transferred according to state intestacy laws by the probate court. This is the only type of home ownership that would involve probate.

What Should I Do if Our Home Was Owned Jointly?

If both of your names are on the deed, this is "tenancy in the entirety with rights of survivorship." As explained above, ownership automatically transfers to the surviving spouse.

This doesn't mean the deed is automatically updated. It is good practice to update the deed, as this will make it easier later if or when you sell the property. The process for transferring real estate varies by state. It typically involves filing documents at the county land records office (a.k.a. the county recorder or registrar of deeds). A death certificate and statement of affidavit may be required. Call the office beforehand to find out what documents are required. There is usually a nominal fee for the deed transfer.

"The key to home buying is LOCATION. You'll need the money located in your savings account, you'll need the money located in your checking account, you'll need the money located under your sofa cushions..."

What Should I Do if I Have No Ownership in the Home?

This would be a rare occurrence, but it does happen, and is often the cause of simple oversight. For example, take a case of a husband and wife where the husband purchased a home prior to the marriage, and consequently only his name is on the title (although both parties resided there and shared expenses during the marriage). If the husband dies before his wife, the home will not automatically pass to her by "right of survivorship." Instead, it will become part of his probate estate.

In our example, if the husband had a will then the house would pass to whomever is to receive his assets pursuant to that will. That may very well be his wife, even if her name is not on the title.

If he dies without a will ("intestate"), state laws will determine who is entitled to the home. Many states have rules that would provide only a portion of the estate to the surviving spouse. If the deceased person has children, even if children of the current marriage, local laws might grant a portion of the estate to those children. If this is a second marriage, children from the prior marriage may be entitled to more of the estate. If this is the case, the surviving spouse may be forced to leave the home, even if they had contributed to home expenses during the course of the marriage. A really bad deal.

If you had intended to remain in the home and find yourself in this situation, contact an estate planning attorney immediately.

What Will Happen to My Home When I Die?

If you are the only owner, and you have not made arrangements for the disposition of your home after you die, it will become a probate asset, which is not a preferred outcome. You should make arrangements so there is a smooth transfer of ownership when you die. You have several options:

- Add a joint owner to the deed;
- Put the property in a living trust;
- Create a transfer on death (TOD) deed;
- Ensure there is a beneficiary in your will

Should I Add My Child(ren) to the Deed?

At first glance, this seems like a good option, assuming you have children. If you have a single, responsible, adult child, this indeed may be the best choice if your intention is to transfer the property to your heir apparent. Otherwise, this may not be a wise choice.

Here's the problem. When you add your child to the deed, you are giving them immediate ownership. Today, not when you die. They would be able to list their share of ownership as an asset, which may help them qualify for a line(s) of credit. Do you really want your home to be used as collateral in the event your child(ren) default or are forced to declare bankruptcy? What will happen to your property if your child and their spouse divorce? It could become very messy. Now, you may think this would never happen, but is it worth the risk? Maybe not adding your child(ren) to the deed is a better idea when you think about all the things that could happen later. This makes the options of using a living trust or transfer on death (TOD) deed more palatable.

There is another benefit – a tax benefit – that would be missed if your child(ren) were added to your deed. They would likely miss the "step-up in basis" at your death. A step-up in basis, or "stepped-up basis," is what happens when the price of an inherited asset on the date of the decedent's death is above its original purchase price. The tax code allows for the raising of the cost basis to the higher price, minimizing the capital gains taxes owed if the asset is sold later. If the child(ren) is a joint owner, they will not get this cost basis adjustment and may owe capital gains taxes later when they sell the property.

To learn more, visit https://www.thebalancemoney.com/how-property-is-titled-dictates-who-inherits-it-3505419.

To find the correct local government agency that administers property ownership records you can do an internet search using the name of your county or city and following terms: "Real Estate Records", "Property Records" "Property Appraiser", "Deed Records", "Recording Deeds", or "Public Records". Most websites provide the steps that will be required to update the title of the property and you can always call to get answers to your questions.

2. MY VEHICLES.

The rules for transferring a car, RV, motorcycle, or boat vary by state. If a vehicle was titled jointly, you will have to fill out a transfer form for the department of motor vehicles (DMV) and provide a copy of the death certificate, the title, and possibly the vehicle's registration. Some states also require proof of insurance and emissions compliance information. Call your local DMV beforehand to find out what documents are required. There is usually a nominal fee for the transfer.

What Do I Do With My Spouse's Car?

I think we can agree that maintaining and operating a vehicle(s) is expensive. If you're on a budget, you probably need one car only. So, you may have questions if your spouse had a car and you now have two (or more). Let's look at your options and the actions you may need to take:

- I want to keep both cars
    - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until you talk to an attorney
    - Update the title on your spouse's car to reflect your ownership
    - Update insurance coverage
    - Pay off one or both; begin with the loan with the highest interest
    - Update your will or trust (what will happen to the vehicles when you die?)

- I just want to keep my car and sell my spouse's car
  - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until you talk to an attorney
  - Update the title on your spouse's car to reflect your ownership; if there is a loan on the vehicle, i.e., a lien holder, satisfy the lien upon closing the sale
  - Minimize insurance coverage; consider "storage rates" until you sell the car (then notify your insurance company)
  - Pay off your vehicle
  - Update your will or trust (what will happen to the vehicles when you die?)
  - You can skip all the work if you sell it to a dealership versus on your own; be willing to accept a lower price for the vehicle

- I want to sell (or gift) my car and keep my spouse's car
  - As long as your car is titled in your name, you can sell or gift your vehicle; if there is a lien on the title because you have an auto loan, you'll need to satisfy the loan (with the proceeds of the sale) before the title is released (a.k.a. clear title)
  - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until the estate has been settled
  - Update the title on your spouse's car to reflect your ownership; if there is a loan on the vehicle, i.e., a lien holder, satisfy the lien upon closing the sale
  - Update your will or trust (what do you want to happen to the vehicle when you die?)

GOOD TO KNOW.

Can't find the title to your spouse's vehicle? You'll need to apply for a duplicate title at your local Department of Motor Vehicles (DMV). Contact the DMV beforehand to ensure you bring in all the documents they will need, which will likely include a) the current registration, b) copy of the will or trust to prove you are the rightful heir, c) death certificate, and d) your driver's license. Remember, regardless of whether you keep or sell the vehicle you need to transfer the title into your name.

It is important to remember, if the vehicle is not titled jointly, i.e., it is titled in your spouse's name only, it is part of your spouse's estate, as discussed earlier. Such assets are distributed according to the will, or if there is no will, as provided by state law. It is unlawful to sell the vehicle and pocket the proceeds for yourself; these proceeds may be needed to pay your spouse's creditors. It can get complicated! We recommend consulting with an estate planning attorney or your financial advisor.

To learn more, visit https://www.progressive.com/answers/what-happens-when-a-car-owner-dies/.

3. MY STOCK AND BOND CERTIFICATES.

Stock and bond certificates have gone the way of the covered wagon. Everything is electronic today. However, there may be such relics stashed away for safekeeping. Some certificates may be worthless, but you won't know until you explore each one.

Jointly-owned stock and bond certificates must be reissued in the surviving spouse's name. For stock that is not publicly traded, contact the company to reissue the certificate. Otherwise, the certificate should list a transfer agent, to whom you must send:

- A signed cover letter
- The stock or bond certificate
- A signed (and guaranteed) stock or bond power (usually found on the back of the certificate; if not, you can get a stock power form from a bank or broker)
- A signed (and notarized) affidavit of residence

Transfer agents may have different procedures and document requirements, so please visit their website or call them to confirm the documents they require for your specific situation. Some transfer agents will require an indemnity bond fee or a signature guarantee for missing share certificates. Please work with your coach or financial advisor if this situation arises.

To learn more, visit https://www.investopedia.com/investing/old-stock-certificates-value/.

4. MY SECURITIES.

See My Investments.

5. MY U.S. SAVINGS BONDS.

If you are the surviving owner of a jointly-owned savings bond, you can redeem it, or get the bond reissued in your name, which would allow you to name a new beneficiary(ies) for the bond. You'll have to fill out a form to get the bond reissued in your name. Discuss with your banker or financial advisor.

To learn more, visit https://www.treasurydirect.gov/savings-bonds/manage-bonds/death-of-owner/.

6. MY DIGITAL ASSETS.

Our lives are increasingly lived online, especially our financial lives, as we've previously discussed. This means you need to take your time and give some thought about what to do with all your digital assets. The following is a partial list of considerations:

- **Mobile Devices.** DO NOT deactivate your spouse's smartphone or the account for up to 12 months. It may be the only way to access certain accounts (passwords that are saved on the phone only).

- **Email Accounts.** DO NOT close your spouse's email account for at least 12 months. It can be a wealth of information and a valuable means to stay connected with your spouse's friends and their support.

"If you didn't have Facebook when you were a kid, how did you know who your friends were?"

- **Frequent Flyer Accounts.** These are very hard to transfer after death unless you do so immediately. You may have to contact the airline or reward grantor (e.g. bank or credit card company) directly and fight for those points or other perks.

- **Financial Accounts.** Your spouse may have preferred ApplePay, Zelle, PayPal, or Venmo (owned by PayPal) to move money around and pay for things. There's no easy answer – you'll have to contact each one to close them.

- **Music and Movie Accounts.** Your spouse may own music and movies online (e.g. iTunes, Spotify, Pandora, Netflix, Amazon Prime, YouTube). You'll have options to explore before you close these accounts.

- **Social Media Accounts.** Your spouse may have a Facebook, Instagram, Twitter, LinkedIn, or other social media account. Most platforms now have options to help honor a loved one after death. For example, Facebook allows you to memorialize an account, add a tribute section, increase controls for a legacy contact, or delete the account altogether. It may be difficult emotionally for you to peruse their Facebook account, but we caution closing it too quickly, as it is a good way for your spouse's friends, colleagues, and other family members to pay tribute and honor them.

- **Photos in the Cloud.** If you take a photo with your smartphone, it is likely being stored on your mobile device and in the cloud. Make sure you know how to access the photos in the cloud before you shut down your spouse's phone.

- **Shopping Accounts.** Who doesn't shop online today? Amazon is the most popular, perhaps, but certainly not the only place where a store credit may be hiding. Find out before you close these accounts.

- **Sports Betting Accounts.** Many people enjoy sites like Draft Kings, Fanduel, and others. Make sure there are no credits or cash balances remaining in the account(s) before you close them.

- **Security Accounts.** If you own Arlo, Ring, or SimpliSafe, chances are you will want to continue using your security system (we highly recommend it!). Just ensure you have access to the online account information including login credentials.

- **Delivery Service Accounts.** Your spouse may have active "door to door" delivery accounts for Shipt, DoorDash, Uber Eats, or Grubhub. Again, there may be credits or points that have accumulated in these accounts; don't close them without taking advantage of the perks first.

A special word about Google. Have you noticed lately how Google's ecosystem has grown? There is Gmail, YouTube, Calendar, Chrome, Google Drive, and so on. You must be very careful what you delete, because you may also be severing connections to things you didn't want to delete. If only Google had a dashboard so you could tell what's Google and what is not. Wait – they do! To learn more, visit Google Dashboard.

To manage your various digital and social media accounts, use the My Digital & Social Media Accounts worksheet, Appendix D.

To learn more, visit https://www.nolo.com/legal-encyclopedia/can-my-digital-assets-pass-through-mywill.html#:~:text=Digital%20Assets%20That%20Can%20Pass,will%20get%20such%20digital%20assets.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed and understand my options for updating the deed to my home	
☐	I have reviewed and understand my options for updating the titles and proper disposition of my vehicle(s)	
☐	I understand how to update ownership of my jointly-owned stock and bond certificates, if applicable	
☐	I understand how to update ownership of my jointly-owned securities	
☐	I understand how to update ownership of my jointly-owned U.S. savings bonds, if applicable	
☐	I understand there may be digital assets to consider	

MY NOTES

TOPIC 2 | UNDERSTANDING MY TAXES

The following content is provided as general information. It is not intended to replace a consultation with a tax professional or financial advisor in your state.

With the loss of a spouse comes pain, grief, and uncertainty. Unfortunately, the one thing that is certain are taxes. Taxes must be paid every year, including the year in which your spouse died.

1. MY INCOME TAXES.

If you've never been responsible for preparing and filing income taxes, please considering hiring a professional. It's not that you can't learn this, but maybe it's just not that important to master in the same year you lose your spouse. Whatever you choose to do, maybe this section will be helpful.

Tax Documents.

It's prudent to think about taxes all year long; you'll save hours hunting for things that might save you money. Earlier we suggested you create a tax folder; use it to collect documents, medical receipts, donor letters, and other notes throughout the year.

Filing Status.

It's important to pick the correct filing status, because your selection affects the amount of taxes you pay, the standard deductions you can take, and certain tax breaks you can claim.

The IRS provides for the following filing statuses:

- Single
- Married filing jointly
- Married filing separately
- Head of household
- Qualifying widow(er)

The tax brackets are the same for joint filers and qualifying widows. Should you qualify for more than one status in a tax year, you can file using the one that saves you the most money.

Filing a Married Joint Return.

Most couples file joint returns, so let's begin with this filing status.

If your spouse died this year, you should file your taxes just as if your spouse were still alive. If they had income, enter it as you would in any other year.

GOOD TO KNOW.
Write "filing as surviving spouse" on the line of the return where your spouse would have signed.

Filing a Married Filing Separately Return.

If you and your spouse have been using this filing status, it is most likely because someone determined that you paid less taxes by doing so. This still may be the best choice for you, depending how much income your spouse earned before they died (assuming they had earned income the year of their death). But if they died early in the year, filing a Married Joint Return may now be to your advantage. The only way to know for sure is for your tax representative to run it both ways and compare outcomes (yes, they can and should do this for you).

"You traded a cow for some magic beans which resulted in the acquisition of some golden eggs which you failed to declare as a capital gain..."

Under normal circumstances, these are the only two ways you are going to file the year your spouse died.

If You Remarried the Year Your Spouse Died.

In this situation, you would file differently than just explained. If you remarry in the same year of your spouse's death, you'd file your return with your new spouse under the joint or separate status. Consequently, you would file a return for your deceased spouse using the Married Filing Separately status. Again, this assumes the deceased spouse had earned income that needed to be reported to the IRS.

Filing the Year Following the Year of Death.

Fortunately, the IRS offers a way to transition from a married filing status to a less-advantageous single filing status. It's called the qualifying widow(er) tax filing status.

The qualifying widow status, which provides many of the same tax benefits as the married filing jointly status, is not available to everyone. To be eligible to file using the widow(er) status, a surviving spouse must meet the following criteria:

- You have not remarried;
- Must have a dependent child, stepchild, or adopted child (but not a foster child);
- You paid for more than half the cost of keeping up a home. This must be your child's main home for the entire year, except for temporary absences

It is also important to be aware of the income thresholds that require a tax filing if the surviving spouse chooses to use the qualifying widow(er) status. For the two years after a death has occurred, an individual filing under widow(er) status must have a minimum income of:

- $24,400 if younger than 65
- $25,700 if older than 65

If income falls below these levels, a tax return is not required in most cases, but may be beneficial if certain credits are available.

To recap, if you qualify for this unique filing status, you can use it for two years following the year your spouse died. This is a good deal.

If you don't qualify for this filing status, you'll have to use one of the two remaining filing statuses following the year your spouse died. Neither are as tax-friendly as those we've already discussed. Yes, this is a bummer. It is often referred to as the "widow tax."

Filing a Single or Head-of-Household Return.

You will be required to file using either Single status or Head-of-Household status:

- If you do not qualify for using the qualifying widow filing status the year after your spouse died, or
- After the two-year period using the qualifying widow filing status ends,
- And you remain unmarried

The Head-of-Household filing status is for those who are single, unmarried, and who have qualifying dependents. To qualify for this status, you paid for more than half the cost of keeping up a home. Otherwise, you will use the Single filing status.

The Head-of-Household filing status is the better alternative to filing Single. This is because the tax rates are lower and the standard deduction higher than if you file single or married filing separately. Again, you must qualify.

IRS Forms 1040 and 1041.

Let's look at the IRS forms you are most likely to encounter, because this can be confusing. You use IRS Form 1040 to file your joint Federal income tax return. This form should capture all taxable income (earned income like salary and wages, tips and other employee compensation, and unearned income like dividends, interest, and capital gains) and deductions up to the date of your spouse's death.

As we've discussed previously, when someone dies, their assets become the property of their estate. Any income those assets generate after the death date is also part of the estate, and may trigger the requirement to file an estate income tax return. Examples of assets that would generate income to the decedent's estate include savings accounts, CDs, stocks, bonds, mutual funds, and rental property. IRS Form 1041, U.S. Income Tax Return for Estates and Trusts, is required if the estate generates more than $600 in annual gross income. This return is filed like any personal income tax return.

The decedent and their estate are separate taxable entities. Before filing Form 1041, you will need to obtain a tax ID number for the estate. An estate's tax ID number is called an "employer identification number," or E.I.N. You can apply online for an E.I.N. or have your estate planning attorney do it for you. (Yes, it's the same E.I.N. we discussed for the estate checking account at your bank.)

To summarize, any income earned before the date of death should be captured on IRS From 1040; any income earned after the date of death should be reported on IRS Form 1041.

It Can Get Complicated Quickly.

Final words of wisdom: it can get complicated in a hurry, and when it does, please get good advice from a tax professional.

Filing a joint return in the year of a spouse's death can sometimes be an advantage, and other times not. For example, if the deceased spouse has capital losses and the surviving spouse has capital gains, these amounts may be combined on a joint return. This is important, because if an individual passes away with an unused capital loss carryover, it expires unused. Filing a joint return is to your advantage in this case.

There is also a potential advantage when a surviving spouse sells a principal residence within two years of the spouse's death or until the surviving spouse remarries, whichever comes first. In this case, the larger $500,000 gain exclusion (which is normally only available for joint filers) is still available, as opposed to the smaller $250,000 exclusion for unmarried taxpayers. Furthermore, there may be a "step-up in basis" on half of the home to help reduce capital gains; in community property states, the entire value of the home can receive this step-up.

A potential disadvantage of filing a joint return might be when a higher adjusted gross income results from combining incomes, thereby disallowing certain itemized deductions, due to certain limitations.

Resources.

There is nothing worse than losing a beloved spouse, except filing taxes after losing a beloved spouse. We recommend hiring a CPA or professional tax preparer if you don't already have one; if you lost your spouse this year, it would be a worthwhile spend. For help in finding a tax professional, the IRS offers a free tool to help you; visit https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers or call 800-906-9887.

If you're going to attack taxes on your own, there are several free options you should know about. You can use the Credit Karma Tax online preparation and filing service to help you choose a filing status, and then file your federal and single-state tax returns for free.

The Volunteer Income Tax Assistance program, known as VITA, provides access to IRS-certified volunteers who can help prepare taxes for free. Free tax preparation is typically available to those with incomes of $58,000 or less.

Finally, the Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. The IRS-certified volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS. A majority of the TCE sites are operated by the AARP Foundation's Tax Aide program.

To locate the nearest AARP TCE site, visit https://irs.treasury.gov/freetaxprep or call 888-227-7669.

2. MY ESTATE TAXES.

There are two kinds of taxes owed by an estate: one for the income generated by assets of the decedent's estate (the income tax) and one for the transfer of assets from the decedent to their beneficiaries and heirs (the estate tax). IRS Form 1041 is used for income tax, as we previously discussed, and IRS Form 706 is used for reporting any estate tax.

Generally, if a federal estate tax return must be filed, taxes are due within nine months of the date of death. However, there are conditions under which an estate can ask for an extension of time to pay death taxes. In those cases, where the IRS grants an extension (they always do), the estate will pay interest on the amount of unpaid taxes. If the estate is large enough to require a filing, please work with your tax professional.

To learn more, visit https://www.irs.gov/businesses/small-businesses-self-employed/estate-tax.

3. MY PROPERTY TAXES.

If you are a homeowner, you may already be familiar with property taxes. If you still have a mortgage on the home, such taxes are likely part of escrow and are paid as part of your mortgage payment. If there is no mortgage on the home, then you are likely paying them separately.

Make sure you understand your responsibility for your property tax, because penalties are added if you pay late and not paying this tax could lead to foreclosure. If you are not sure, contact your county tax accessors office. Most of this information is available online, too.

To learn more, visit https://taxfoundation.org/county-property-tax-paid-2021/.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have or will retain a tax professional this year	
☐	I have reviewed and understand my tax filing status this year	
☐	I have collected and filed tax documents in a "TAX" folder for my convenience at tax time	
☐	I understand that I must file an IRS Form 1040 as in any normal year	
☐	I understand that I may have to file an IRS Form 1041 for my spouse if there was estate income greater than $600 after death	
☐	I have adjusted my W-4 (withholdings) with my employer, if applicable	
☐	I understand if I need to file IRS Form 706 for estate taxes, if applicable	
☐	I understand that I have property taxes to pay, that may or may not be included in escrow	

MY NOTES

TOPIC 3 | UNDERSTANDING MY INSURANCE NEEDS

The following content is provided as general information. It is not intended to replace a consultation with an insurance broker or financial advisor in your state.

To manage your various insurance policies, use the My Insurance Policies worksheet, Appendix E.

In this topic we are going to discuss all of your possible insurance needs: health insurance, long-term care insurance, life insurance, disability insurance (if employed), auto insurance, home insurance, renters insurance and liability ("umbrella") insurance.

"My hamster ran on his wheel every day and died when he was 6 months old. Explain to me again how cardio is going to help me live longer."

Reviewing your insurance needs and coverages matter for several important reasons. Insurance is a way to manage risk. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad happens to you. If you have no insurance and an accident happens, you may be responsible for all the loss. If you didn't have homeowners insurance, for example, and your home burnt to the ground, you would bear all of the costs to rebuild your home. So, for a relatively small monthly premium you are provided a wonderful guaranteed that your home will be completely rebuilt at no cost to you.

1. MY HEALTH INSURANCE.

Everyone needs health insurance. Your health insurance options will change after your spouse's death. Let's look at your options.

Continuation of Health Coverage (COBRA).

If your spouse was a covered employee at the time of death, you are likely eligible for continued health insurance coverage through COBRA (Consolidated Omnibus Budget Reconciliation Act), which gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances including death.

This is an elected benefit, not an automatic one. Dependents need to respond within 60 days from the date of death. Eligible family members are covered for up to 36 months due to a death and are responsible for the premiums (which are higher since the company does not subsidize this expense as before). This is a good option if you need immediate coverage (especially if you have minors) and you can continue to use the same providers as you have been. You will pay for this; COBRA is likely your most expensive healthcare option.

At some point, this coverage will end for one of four reasons, and you will need to find other insurance:

1. The benefit expires after 36 months;
2. During the 36 months you become eligible for Medicare or Medicaid;
3. You choose a different, perhaps lower-cost, coverage from the insurance marketplace;
4. You go back to work and are eligible for health coverage benefits through your employer

You absolutely need health insurance! Without it you bear incredible risk; with it, you transfer much of that risk to the insurer. If you are under 65, you have options, and if you are 65 or older, you have Medicare.

If you're under 65, you can purchase health insurance through the Affordable Care Act of 2010. This law allows people who don't have health insurance or don't have adequate coverage to purchase health insurance directly through an insurance marketplace.

To learn more, visit https://www.dol.gov/general/topic/health-plans/cobra.

Insurance Marketplace.

The health insurance marketplace, or "exchange," helps you compare and enroll in health insurance available in your state. The marketplace is operated by the federal government as an extension of the health care reform law (Affordable Care Act of 2010).

Quotes for individual and family coverage rely on income and household information to determine if you qualify for premium tax credits. Depending on your income and how many people are in your family, you might be able to save money on your health insurance premiums by applying tax credits from
the federal government.

Open enrollment occurs each year from November 1st through January 31st for the following year. However, you may be eligible for special enrollment if you've experienced certain life events, like losing a spouse, but you have up to 60 days after that to do so. Many miss this window, unfortunately.

The application process also alerts you if you qualify for coverage through your state's Medicaid or Children's Health Insurance Program (CHIP). The marketplace only alerts you of potential coverage. You must apply for Medicaid or CHIP coverage externally through your own state's program and can enroll at any time during the year.

No matter what state you live in, you can enroll in affordable, quality health coverage. To learn more about the marketplace in your state, visit https://www.healthcare.gov/marketplace-in-your-state/.

Health Savings Accounts (HSAs).

HSAs were discussed in Session 3, Claiming My Benefits.

Medicare.

Medicare, a federal program, is available for people who:

- Are age 65 or older, or
- Are disabled, or
- Have End Stage Renal Disease (permanent kidney failure requiring dialysis or transplant)

Medicare provides for hospital insurance (Part A), medical insurance that pays physician costs (Part B), and prescription drug coverage (Part D). There is additional supplemental (Medigap) coverage available through Part C. In most cases, you should opt for Medicare coverage when you become eligible, but it's complicated and you should get assistance to ensure you understand all of the coverages and the costs for the different coverages.

The Social Security Administration handles Medicare eligibility and enrollment. You can contact them directly for assistance at 800-772-1213 or visit www.ssa.gov and www.medicare.gov.

What Do I Need to Do?

What you need to do next depends on who is providing the coverage. Let's review the following scenarios:

- **Scenario A. Your and your spouse's health coverage are through your employer.**
  - ✓ Notify the healthcare plan provider that your spouse has died.
  - ✓ The premiums will continue to be deducted from your paycheck.
  - ✓ At the next open enrollment period, remove your spouse's coverage (you may be able to terminate the coverage sooner – check with your healthcare plan or employer.)

- **Scenario B. Your current health coverage is through your employer; your spouse was covered through another employer or provider.**
  - ✓ Your coverage remains unchanged.
  - ✓ Notify your spouse's employer or provider that your spouse has died.
  - ✓ No more premiums will be payable after death; claims initiated before death may still be processed after death.

- **Scenario C. Your spouse was covered under Medicare.**
  - ✓ Medicare will be notified by the Social Security Administration and your spouse's coverage will terminate.
  - ✓ If you are over age 65, your Medicare coverage continues.

- **Scenario D. You and your spouse's coverage are through a state marketplace, healthcare.gov, or directly with a health insurance company.**

  ✓ Notify the health insurance company that your spouse has died.

  ✓ Continue paying the premium.

  ✓ If you are receiving an advanced premium tax credit, the credit will be adjusted.

- **Scenario E. Your current health coverage is through your spouse's employer.**

  ✓ If the employer has 20 or more employees, healthcare continuation through COBRA should be available to you.

  ✓ If you are COBRA eligible, they have 14 days to provide you notice.

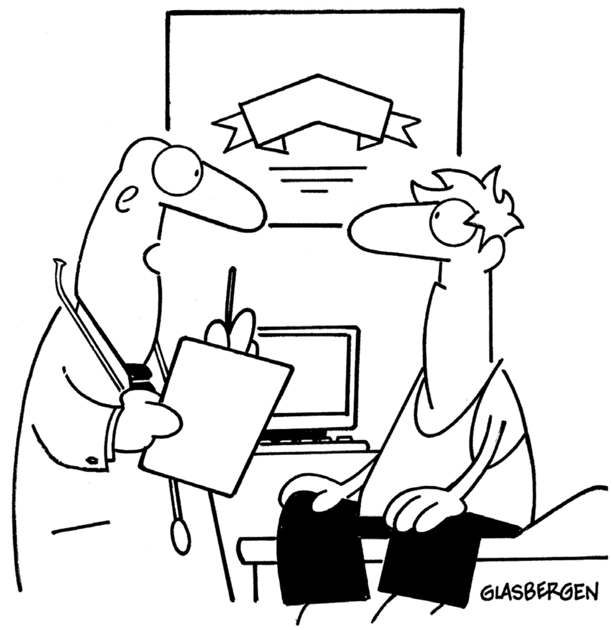
  ✓ You then have 60 days to apply for COBRA.

2. MY LONG-TERM CARE INSURANCE.

If your spouse had long-term care insurance, you need to notify the insurance company of their death so they will stop billing for the coverage. If the coverage is joint or "shared," they will need to make the necessary billing adjustments. If you were paying the premiums quarterly or annually, you should ask the company for a return of unused premium (which will likely come in the form of a credit).

Now that you are single, if you don't have long-term care insurance you might consider it. About half of 65-year-olds today will eventually develop a disability and require some long-term care services, according to a study revised in 2016 by the Urban Institute and the U.S. Department of Health & Human Services. Most will need services for less than two years, but about 14% will require care for more than five years.

According to the Alzheimer's Association, the estimated cost for end-of-life care in 2016 ranged between $217,820 and $341,651. The median cost of a semiprivate nursing home room nationwide is $85,775 per year, according to Genworth's 2017 Cost of Care Survey. Assisted living runs $45,000 annually, and home health aides charge $135 per day. Traditional long-term care insurance ensures that you'll have the money to cover at least a portion of the bill. A lengthy stay at a nursing home is less likely to drain your savings or wipe out your estate.



"People are living longer than ever before. It's nature's way of helping you pay off your student loans."

Regular health insurance doesn't cover long-term care, and Medicare won't come to the rescue, either; it covers only short nursing home stays or limited amounts of home health care when you require skilled nursing or rehab. It does not pay for custodial care, which includes supervision and help with day-to-day tasks.

If you don't have insurance to cover long-term care, you'll have to pay for it yourself. You can get help through Medicaid, the federal and state health insurance program for those with low incomes, but only after you've exhausted most of your savings, known as a spend down.

A long-term care insurance policy helps cover the costs of that care when you have a chronic medical condition, a disability, or a disorder such as Alzheimer's disease. Most policies will reimburse you for care given in a variety of places, such as:

- Your home
- A nursing home
- An assisted living facility
- An adult day care center

Considering long-term care is an important part of any long-range financial plan, especially in your 50s and beyond. Waiting until you need care to buy coverage is not an option. You won't qualify for long-term care insurance if you already have a debilitating condition. Most people with long-term care insurance buy it in their mid-50s to mid-60s.

To learn more, visit The American Association for Long-Term Care Insurance at www.aaltci.org/.

3. MY LIFE INSURANCE.

My Spouse Had a Policy; Now What?

If your spouse had life insurance, you'll need to file a claim(s) as we discussed earlier. This will be much easier if your spouse had an insurance agent who can provide you with the necessary claim forms and instructions. If your spouse had policies from multiple providers, you'll need to contact each one individually to file a claim. The company(ies) will require a certified copy of the death certificate and a completed statement of claim. Completing these forms are straightforward.

Also discussed previously, if your spouse was employed at the time they died, there is almost always at least $50,000 of coverage, called Group Term Insurance, available through the employer. Many employers also offer additional "supplemental" insurance, usually at some multiple of the employee's base salary. You will need to contact their employer's Human Resources and/or Benefits Administrator to determine the benefits you are due.

If you are not sure whether your spouse owned life insurance, you can search your checking statements and/or cancelled checks for premium payments. Before throwing in the towel, for a fee, you can use a professional insurance locater service like www.policylocator.com.

Do I Need Life Insurance?

"If I let myself get bitten by a vampire so I become immortal and only a wooden stake can kill me, can I get a better rate on my life insurance?"

What about your life insurance coverage, if you have any at all? Is it sufficient or altogether unnecessary? If you do not have life insurance, should you buy it? And how much do you need? These are very important questions, particularly if you have a minor child(ren) dependent on you.

What you should own and how much you need really depends on your age and circumstances. It's pretty simple; ask yourself this question: "What would happen if something bad happened to me?

For example, let's say you are over age 65. Your adult child(ren) is out of the house and self-sufficient. The mortgage is paid and you have no debt. Maybe you work, maybe you don't. In this case, if you died, what would the insurance money be used for? Likely very little. Thus, don't spend the money on a premium for insurance you don't need.

If you own a policy that you no longer need, you have options. You could simply stop paying the premium and let it lapse. Letting a policy lapse does NOT affect your credit. If it's a permanent policy, you may have "cash value" (a.k.a. CSV) that may be sufficient to pay the premiums for the rest of your life (and you can stop sending in checks every month – wouldn't that be nice!). Or, you might want to borrow the cash in your policy to help your grandchild pay for school. There are options to explore with your insurance representative, coach, or financial advisor.

If you have such a policy, please be sure to update your beneficiary(ies). It is likely that your spouse is named and you'll want to change that sooner than later.

If you are a young widow, perhaps with dependent children, you should absolutely have life insurance coverage. Buy as much term life insurance as possible; it will never be cheaper than today. You want to be sure that if anything happens to you before your child(ren) reach adulthood, there will be enough money to take care of them.

There are many ways to estimate how much life insurance you need. One common rule of thumb is to multiply your annual income by at least 10 times (and up to 15 times) to get your estimated coverage amount. For example, if you make $50,000 per year, you likely need around $500,000 in life insurance coverage, more if you have a child(ren). Again, this provides a very loose estimate.

To determine how much life insurance you actually need, consider a "needs analysis," which is exactly that—an in-depth review of your situation and what you actually need. This eliminates the guesswork. You can work with your coach or financial advisor, or go it alone, as there are many life insurance needs calculators online, like www.calculators.org/retirement/life-insurance-needs.php.

To learn more, visit the Insurance Information Institute at www.iii.org/.

4. MY DISABILITY INSURANCE.

If you're not employed, you can skip this. Unemployed individuals cannot be covered.

Most people don't realize the frequency or impact of disability. It is the greatest cause of bankruptcies and mortgage foreclosures in the U.S. If you are working, we believe disability insurance is as important as health or life insurance. It provides needed income (roughly 60% of your salary) during periods when you are incapacitated because of sickness or injury.

This coverage is particularly important if you are a younger widow with limited resources. If you don't have disability insurance, you risk not being able to cover everyday expenses, pay regular bills, or keep up with your larger financial needs.

You may think that disability insurance is just for accidents and that you're not at risk if you don't work a dangerous job. However, 90% of long-term disabilities result from illness rather than accident, meaning they can affect you no matter what you do for work.

Unfortunately, to qualify for disability insurance, you must be employed and earning income. Disability insurance protects your most valuable asset—your ability to earn an income—and should be considered a part of every financial plan. We encourage you to check with your employer to understand if you are maximizing this benefit and understand what is and is not covered should you require disability benefits.

To learn more, visit https://www.nerdwallet.com/article/insurance/disability-insurance-explained.

5. MY AUTO INSURANCE.

If you do not own a mode of transportation, you can skip this.

First Things First.

If you haven't already, one thing you should consider doing is notifying your auto insurance company of your spouse's death. Your spouse will be removed from the coverages and, in some cases (depending on your spouse's driving record) your insurance premium may go down. However, don't be surprised if it actually *increases*. Unfortunately, this so-called "widow's penalty" is a common practice among insurers.

People who are recently widowed may assume their auto insurance premium will go down because there's now only one driver—not two—on the policy. But during this time of grief and loss, auto insurers frequently raise rates on widows and widowers because of the change in their marital status. In general, insurers charge married people less for car insurance than single people on the pretext that married people are safer drivers.

A study by the Consumer Federation of America in 2015 found that four of the six insurers reviewed raised liability insurance on widows by an average of 20 percent following the death of their spouses. The most astonishing thing about the rate hike is that it even exists, especially because it's based on no evidence whatsoever—at least, none the insurance industry has ever managed to produce.

What Do I Do With My Spouse's Car?

I think we can agree that maintaining and operating a vehicle(s) is expensive. If you're on a budget, you probably only need one car. So, you may have questions if your spouse had a car and you now have two (or more). Let's look at your options and the actions you may need to take:

- **I want to keep both cars**
  - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until the estate has been settled
  - Update the title on your spouse's car to reflect your ownership
  - Update insurance coverage
  - Pay off one or both; begin with the loan with the highest interest
  - Update your will or trust (what will happen to the vehicles when you die?)

- **I just want to keep my car and sell my spouse's car**
  - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until the estate has been settled
  - Update the title on your spouse's car to reflect your ownership; if there is a loan on the vehicle, i.e., a lien holder, satisfy the lien upon closing the sale
  - Minimize insurance coverage; consider "storage rates" until you sell the car (then notify your insurance company)
  - Pay off your vehicle
  - Update your will or trust (what will happen to the vehicles when you die?)
  - You can skip all the work if you sell it to a dealership versus on your own; be willing to accept a lower price for the vehicle

- **I want to sell (or gift) my car and keep my spouse's car**
  - As long as your car is titled in your name, you can sell or gift your vehicle; if there is a lien on the title because you have an auto loan, you'll need to satisfy the loan (with the proceeds of the sale) before the title is released (a.k.a. clear title)
  - If the vehicle is titled in your spouse's name only, the vehicle is an estate asset – don't do anything until the estate has been settled
  - Update the title on your spouse's car to reflect your ownership; if there is a loan on the vehicle, i.e., a lien holder, satisfy the lien upon closing the sale
  - Update your will or trust (what will happen to the vehicle when you die?)

GOOD TO KNOW.
Can't find the title to your spouse's vehicle? You'll need to apply for a duplicate title at your local Department of Motor Vehicles (DMV). Contact the DMV beforehand to ensure you bring in all the documents they will need, which will likely include a) the current registration, b) copy of the will or trust to prove you are the rightful heir, c) death certificate, and d) your driver's license. Remember, regardless of whether you keep or sell the vehicle you need to transfer the title into your name.

Do I Have the Right Amount of Coverage?

This is a great time to review your current coverages. You want to know if you are overpaying for too much coverage or underpaying for too little coverage. There is a "sweet spot" that's just right. Insurance premiums can be radically different depending where you live. For identical coverages, the premiums change from state to state and even city to city. If you are planning on moving, let your insurance provider know this as you discuss the right coverages for you.

Reviewing your policy is straightforward. Simply call your insurance company; the customer service number is always listed on your statements. The following questions to your agent will get you started:

- What are the minimum legal coverages and do I have those?
- If I am paying for more than the minimum coverages, how is that benefiting me?
- What are my deductibles and how much could I save if I raised them (e.g. from $500 to $1,000)?
- Does my coverage include roadside assistance?
- Am I paying for any "extras" I don't need?

Is the insurance premium higher than your budget allows? Consider reducing your premium by raising your deductible? Stick with the minimum coverages; we suggest that you have at least $300,000 for bodily injury, $500,000 for injuries suffered by all persons in the same accident, and $100,000 for damage to property. This may appear on your policy as 300/500/100.

Finally, it pays to shop around. If you don't like the numbers you're getting, compare them to other insurance providers. Once you remove your spouse from your current policy and receive an updated quote from your current carrier, you can compare your policy with others to ensure you're getting the best rate (and they do vary significantly). We recommend using www.gabi.com to get started. (You can use Gabi to shop your home insurance rates, too.)

To learn more, visit www.iii.org/.

6. MY HOMEOWNER'S INSURANCE.

If you are not a homeowner, you can skip this.

If you and your spouse owned your home together, you may both be listed on your homeowner's insurance policy. Don't assume this; check it out by reviewing your latest statement. Are you listed? If not, you need to get added as the primary homeowner to ensure you are protected from lawsuits from anyone who might be injured on your property. Your spouse should be removed from the policy. Simply call your insurance company; the customer service number is always listed on your statements.

"We can insure your home and property for damages caused by hurricanes, earthquakes, wind, fire, floods, tornadoes and tidal waves — but not cats."

A review of your coverages should be done annually. If you have lived in your home for years, it is likely that you do not have sufficient coverage in the event of a major loss. It is important that your home is insured for 100 percent of the replacement value. If you have not updated your coverage for a long time, the value of your home—the replacement cost—is likely higher than your coverage. This is not a good thing and you'll need to increase your coverage.

We also suggest personal property coverage—insurance for your valuable "stuff." There may be a separate, additional rider for your valuables, like jewelry, art, collections, furs, and guns. Should your home burn down without this coverage, much of your personal property and valuables would be only partially covered, if at all.

To learn more, visit www.iii.org/.

7. MY RENTERS INSURANCE.

If you do not rent or lease your home, you can skip this.

Do you like your laptop? How about your sofa? Could you afford to buy them again if a fire or flood destroyed your apartment? Do you have a plan to replace your clothes and jewelry if an uninvited guest steals them?

If not, you should consider renters insurance. Renters insurance protects your possessions if they're damaged, vandalized, or stolen while you're renting.

Simply put, renters insurance protects you from unpredictable catastrophes, like fires, electrical surges, and explosions. Your landlord's insurance won't cover you. It only covers the brick and mortar building that you live in. It won't cover the loss of your electronics, furniture, jewelry, sports equipment, or collectibles—no matter who's at fault. It's inexpensive; silly to go without.

To learn more, visit https://www.nerdwallet.com/article/insurance/do-you-need-renters-insurance.

8. MY LIABILITY ("UMBRELLA") INSURANCE.

Umbrella insurance provides an extra layer of protection, for you. This insurance will protect you in the event of a claim against you by someone who holds you responsible for their injury. If someone slips on your property and breaks an arm, you're covered should they sue for the cost of the damages, which could include the loss of income during recovery. It also provides additional coverage should you be sued as the result of injuries sustained in an auto accident. For example, if you're carrying $300,000 of bodily injury liability and you get sued for $500,000, your umbrella insurance would kick in and cover the $200,000 difference. It's surprisingly affordable. We suggest coverage equal to your net worth. You can purchase this insurance from the same company that issued you your home and auto coverages. In fact, you will usually save money if you bundle your auto, homeowner's, and umbrella insurance with one company.

In summary, we encourage you to take insurance seriously. So many procrastinate in this area, questioning whether they will really need this coverage. Hopefully it won't be necessary, but if disaster strikes and you don't have it, it's too late. Buying insurance is buying peace of mind.

GOOD TO KNOW.
You may be able to save money by bundling your auto, home, and umbrella insurance coverages with one insurer. It's also much easier to work with one insurance provider than several.

To learn more, visit https://www.progressive.com/answers/liability-insurance/.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed my healthcare insurance options	
☐	If I am eligible for COBRA, I have reviewed my options and understand there are important deadlines	
☐	I have reviewed my long-term care insurance options	
☐	I have reviewed my life insurance options	
☐	I have reviewed and understand my term and supplemental life insurance benefits at work, if applicable	
☐	I have reviewed my disability insurance options at work, if applicable	
☐	I have reviewed my auto insurance options, if applicable	
☐	I have reviewed my homeowner's insurance options, if applicable	
☐	I have reviewed my renters insurance options, if applicable	
☐	I understand the benefits of liability ("umbrella") insurance; it may be applicable if I have a large net worth	
☐	I have compared home and auto insurance rates to confirm I'm not overpaying for insurance	
☐	I have considered bundling my insurance coverages to get the best rates	
☐	I have updated beneficiaries on my existing life insurance, if applicable	

MY NOTES

TOPIC 4 | PROTECTING MY ESTATE & FAMILY

The following content is provided as general information. It is not intended to replace a consultation with an attorney or financial advisor in your state.

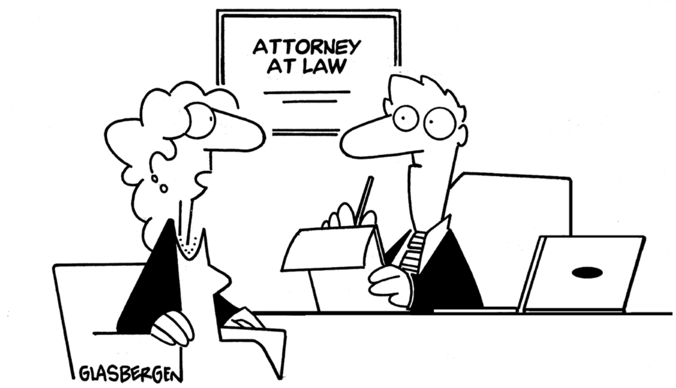
Earlier we discussed your spouse's estate, but now we're going to discuss your estate—your assets. Planning for what will happen when you die can give you the peace of mind that comes from knowing that your loved ones will be cared for and your property will be distributed according to your wishes. You may feel it's "too soon" to worry about this, but there is no guarantee for tomorrow. The sooner your protect yourself and your family, the better.

You likely inherited certain assets because you were a joint owner (or joint tenant) with "rights of survivorship." If you had a joint bank account, you automatically inherited those assets due to rights of survivorship. The same rule applies to your home and your investment accounts if you owned them jointly. They simply, and legally, become your assets. You may also have inherited assets as your spouse's beneficiary. That said, what will happen to your assets if something should happen to you before you can update your legal documents? It would not be good; it's important that certain documents get updated as soon as possible.

1. MY WILL.

If your spouse was the first beneficiary to inherit under your will, you must designate a new beneficiary. It you die without designated beneficiaries, it's a mess! Please update these as soon as possible. If you die without a properly executed will, that is, you die "intestate," a probate court will determine the distribution of your assets, not you.

If you have children, a will (not a living trust) allows you to name a guardian who will take care of them and their needs if you die while they are still minors. If you have minor children and die without a will, a court will decide who will take care of them. Not you. Probably not your preference, right?



"I need to make out a will. I want to leave my money to charity, my organs to science, and my cellulite to the donut shop."

If you do not have a will, keep the following in mind when drafting one with your attorney:

- **It's important to choose your executor carefully.** Sometimes called a personal representative or an administrator, the executor is the person you name in your will to submit the will for probate and then carry out the terms of your will. Being an executor is a serious responsibility that includes tasks such as preparing an inventory of the estate, paying the debts and expenses of the estate, distributing assets, preparing tax returns, paying estate taxes (if applicable), and reporting to the court.

- **You can change, revoke, or replace your will if you are legally competent to understand what you are doing.** It is a good idea to work with an estate planning attorney to make sure that any changes, revocations, or replacements will be considered valid in your state.

- **Be sure to keep your will in a place where it is safe, but also accessible.** A safe deposit box is not a good place to keep your will, because others may be prevented from accessing your safe deposit box after your death unless they have a court order. Make sure that your attorney and your executor each have copies of your will and that your executor knows where you keep the original.

- **Make a list of the information that would be important for your executor and your family to know about after your death, including the following:**
    - names, addresses, and phone numbers of immediate family and friends, your employer, your lawyer, doctors, banker, accountant, financial adviser or broker, and insurance agent
    - locations of important documents—for example, your will, property deeds, insurance policies, stock certificates, and military discharge papers
    - safe-deposit boxes and keys
    - accounts and account numbers, including checking and savings accounts, brokerage accounts, retirement accounts, credit card accounts, and any loans
    - passwords

If you already have a will, it may need updating. Wills should be reviewed and updated every 5-7 years. If you do not have a will, now is a good time to draft one. We suggest you do not do this yourself using an online service (e.g. Nolo, Quicken, or LegalZoom); instead, use a qualified estate planning attorney. Your attorney may suggest a living trust if your estate is sufficiently large and it makes sense for your situation.

To learn more, visit https://www.investopedia.com/articles/pf/08/what-is-a-will.asp.

2. MY LIVING TRUST.

A trust can be a useful way to avoid probate, protect property from certain creditors, reduce the size of your estate to keep taxes lower, and provide for children without giving them direct access to assets. A trust can also provide for professional management of your assets as you grow older. Those benefits must be balanced against the legal fees required to set up a trust and, in some cases, the ongoing management fees required to maintain it. Setting up a trust may also affect your entitlement to Medicaid benefits and you cannot name a guardian for your children with a trust.

Once written, a trust must be "funded" to be of any value. Almost any kind of property can be transferred into a trust, creating trust ownership of the asset, including real estate, stocks, bonds, bank accounts, and insurance policies. When you put money or other property into a trust, you are called the "grantor" (just to add to the confusion, for this reason, living trusts are sometimes referred to as "grantor trusts"). The person or people who benefit from the trust are called the "beneficiaries." If you are the grantor of the trust, you may also be the "trustee or co-trustee" of your own trust—that person or persons named to manage the trust. This is the typical situation.

Lastly, if a trust is "revocable," the grantor can take back the assets or change the trust's terms. If a trust is "irrevocable," the grantor can't take back the assets or change the conditions of the trust. At death, revocable trusts become irrevocable trusts automatically.

If you already have a living trust in place, you may have inherited assets that should be included in the trust. There are numerous reasons for updating your trust at this point. Contact your estate planning attorney to review and modify the trust as necessary.

If you shared a living trust with your spouse, you both act as co-trustees and co-beneficiaries typically. A shared living trust may be a good option if spouses own most of their property together. When one spouse dies, the surviving spouse is usually designated as the sole remaining beneficiary and named as the surviving (sole) trustee. Again, contact your estate planning attorney to review and modify the trust as necessary.

To learn more, visit https://www.investopedia.com/articles/personal-finance/051315/will-vs-trust-difference-between-two.asp.

3. MY POWER OF ATTORNEY.

A *general* power of attorney authorizes a person or persons to act on your behalf if you are unable to do so. But this power ends with your incapacity. A *durable* power of attorney does the same thing, except that the powers continue after any incapacitation. In general, it just makes sense to get a durable power of attorney in the first place.

The person who creates a power of attorney is called the “principal.” Any person who is of sound mind and at least 18 years old can be a principal and grant power of attorney.

The principal decides when the power of attorney goes into effect, like during a departure from the country or while undergoing surgery. The principal also decides what affairs are to be managed, like financial affairs, the sale of a home, or other matters. And just because you grant this power doesn’t mean you lose the right to make decisions for yourself. If you can make decisions, you can take action yourself on the same matters covered by the power of attorney.

The person named to handle your affairs is called the “attorney-in-fact.” When the power of attorney goes into effect, the attorney-in-fact takes on a legal responsibility (a “fiduciary duty”) to manage your affairs and to act in your best interests. Because you may have given this person authority to make financial, legal, or medical decisions for you, you should choose your attorney-in-fact very carefully.

GOOD TO KNOW.

You can choose to name more than one attorney-in-fact. If you designate two or more attorneys-in-fact, you should specify whether they must all agree on the decisions made under the power of attorney, or whether they each have the authority to act independently, without unanimous agreement. Discuss this with them—it shouldn't be a surprise! Again, make sure that your attorney and each attorney-in-fact have copies of your power of attorney and where you keep the original.

There are several types of powers. A "general" power of attorney authorizes the attorney-in-fact to take care of all your affairs. The power-of-attorney document that gives the attorney-in-fact the right to make only certain types of decisions is called a "limited" power of attorney. A "durable" power of attorney (the type we generally suggest), unlike other types of powers of attorney, does not become void if you become mentally incapacitated. A durable power of attorney typically grants the attorney-in-fact broad powers to handle any legal or financial matter that may come up during your incapacitation. Finally, the "springing" power of attorney becomes effective at a later date, springing into effect only if you are declared incapacitated or incompetent.

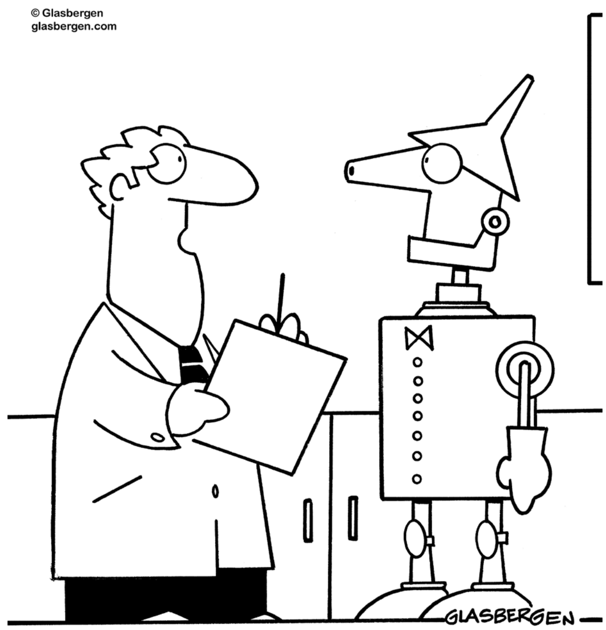
Power of attorney can and often should be drafted by your attorney. However, unlike wills, we believe it is safe to use an online service to draft a general power-of-attorney. These services can be accessed free through clearinghouses like www.powerofattorney.com or obtained from legal assistance services (which charge a fee), such as www.legalzoom.com, www.rockerlawyer.com, and www.nolo.com. Forms can also be purchased from legal stationers and office supply stores.

Filling out the form is a relatively simple process of checking off those matters that apply to your situation. A valid power of attorney will require notarization (or witnesses) in most states.

To learn more, visit https://www.investopedia.com/articles/personal-finance/101514/power-attorney-do-you-need-one.asp.

4. MY ADVANCE DIRECTIVES.

In most cases, there are two types of directives (documents) you may want to have: a living will and a healthcare power of attorney.



"In case of emergency, do you have a DNR — Do Not Recycle?"

A living will is a legal document that tells others what your personal choices are about end-of-life medical treatment. It lays out the procedures (e.g. use of feeding tubes or respirators, CPR) or medications (e.g. pain meds, antibiotics) you want—or don't want—to prolong your life if you can't talk with the doctors yourself. A living will is there to step in when you're still alive but in an unconscious or terminal state, unable to voice your medical care wishes.

Don't confuse it with your will and last testament. Think of it like this: Your last will tells people what you want to happen after you die. A living will tells them what you want to happen while you're still living. To add to the confusion, a living will isn't always called the same thing from state to state. A living will is also known as an "advance directive," or "advance healthcare directive." At the end of the day, they all do the same thing, but you should know what your state calls it.

A healthcare power of attorney, also known as a "health care proxy," is not unlike the power of attorney we discussed previously. In this case, it is a "limited" power of attorney, specifically for medical decisions. So instead of a piece of paper (living will), you have a person you trust to speak on your behalf—acting in your best interests—while honoring your original wishes. So, you would need to have a conversation with them to make sure they know how you feel about important medical decisions.

GOOD TO KNOW.

You can have both a living will and a healthcare power of attorney, but it could cause a conflict of interest. If that happens, your living will—your original wishes—will prevail over the power of attorney (paper over person). A living will is probably the best option if you do not have a person you can trust to act in your best interests. On the other hand, if you do have such a person, a medical power of attorney is a lot more flexible than a living will, and the person you trust will have a lot more power to do what's best for you during crucial moments.

To learn more, visit https://www.nia.nih.gov/health/advance-care-planning-health-care-directives.

5. MY BENEFICIARIES.

Throughout this guidebook we have made reference to updating beneficiaries. We will summarize it all for you here, as it is important that your beneficiaries are updated as soon as possible.

In most cases, your spouse was likely your primary beneficiary. If you do not update your primary beneficiary, your secondary beneficiary would automatically be next in line. However, you may not have designated a secondary, or contingent, beneficiary, in which case, the asset would end up in probate court unnecessarily. It's an opportune time to review all your designated beneficiaries. You don't need to pay an estate planning attorney to do this; you simply tell your bank or financial advisor you would like to update your beneficiaries and you will be sent forms to do so. In many cases, you can search Google for the right form and do it all on your own; be sure to use the most current form (all forms are dated).

Where might you have designated beneficiaries? The following are the most common places to look:

- Investment Accounts
- Retirement Accounts
- Bank Accounts
- Health Savings Accounts (HSAs)
- Annuities
- Life Insurance

To learn more, visit https://www.investopedia.com/terms/b/beneficiary.asp.

POD and TOD.

You may have bank and investment accounts that have the "pass on death" (POD) or "transfer on death" (TOD) feature already activated. These features are very handy for adding beneficiaries to accounts that aren't required to have them by law. For example, you may have an IRA and an individual account with your financial advisor. The IRA account can't even be opened without naming a primary beneficiary. By contrast, your individual brokerage account can be opened without naming a beneficiary. You could add a beneficiary to your brokerage account by using the TOD feature. Accounts that don't have beneficiaries are subject to creditors and probate, so better, in most cases, to have named beneficiaries for these types of account(s). To learn more about using the POD and TOD feature, talk to your banker and/or financial advisor.

To learn more, visit https://www.investopedia.com/terms/p/payableondeath.asp.

Can I Name My Child(ren) as Beneficiary(ies)?

Yes, you can, but it is not advisable while they are minors. You can avoid the legal implications of naming a minor as your beneficiary by naming somebody else, including the guardian you've named in your will. Once they become adults (18 in most states), there is no problem adding them as primary or contingent beneficiaries.

To learn more, visit https://www.thebalancemoney.com/adding-children-to-deed-3505418.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I have reviewed and updated my will	
☐	I understand the benefits of a trust and whether it might be a good option for me	
☐	I have reviewed and updated my DURABLE power of attorney; if I don't have one, I will obtain one	
☐	I have reviewed and updated my advanced directives; if I don't have them, I will obtain them	
☐	I have reviewed and updated my beneficiaries	
☐	I understand where I would benefit from adding the POD and/or TOD feature to accounts to avoid probate court	

MY NOTES

TOPIC 5 | MANAGING MY HOUSEHOLD

Congratulations! This is the last topic of our last session. Do not think these items are any less important than the others we've discussed. Many of these items will save you money or enhance your safety, or both, and that's important.

To manage your household maintenance, use the My Household Maintenance worksheet, Appendix F.

Can You Manage the Preventative Maintenance on Your Home?

Do you know how to change your furnace filter, flush your hot water heater, or clean out your dryer duct? Not keeping up with regular maintenance can lead to damage and costly repairs.

Can You Manage the Preventative Maintenance on Your Car?

Do you have a service center or mechanic that you trust to service your car? Do you understand the service schedule for your car? Do you know how to make a service appointment? Do you rotate your car's tires regularly? Do you know how to check the oil, water, and wiper fluid? Again, not keeping up with regular service can lead to damage and costly repairs. Hopefully, there are receipts in the glovebox or center console in the car or, better, in a file marked "Auto Maintenance/ Repairs" in your file cabinet. Review what's been done and then what needs doing by contacting your service center and providing them your odometer mileage as a start.

- To avoid auto repair rip-offs, be prepared. Knowing how your vehicle works and how to identify common car problems is a good start. It is also important to know how to select a good mechanic, the kinds of questions to ask, and your consumer rights.

    - Auto Repair Basics (www.consumer.ftc.gov/articles/0211-auto-repair-basics) will help you choose the right repair shop or technician, understand repair charges, practice preventative maintenance, and more.

    - The Motorist Assurance Program (www.motorist.org) is a nonprofit that gives its seal of approval to qualified repair shops. Find a shop close to you.

    - If you would like to file a complaint against a mechanic or repair shop, contact your state consumer protection office (www.usa.gov/state-consumer), your local Better Business Bureau (BBB) (www.bbb.org/bbb-directory), or your state motor vehicle agency (www.usa.gov/motor-vehicle-services).

Do You Understand How to Get Your Home Winter-Ready?

This may not be much of a consideration in Arizona or Florida, but it's an important one in Minnesota. Otherwise pipes freeze, and it's a mess when they thaw. You also need to think about winterizing your car and ensuring you have an ice scraper handy. Are you still able to shovel the driveway and walkways?

Home Advisor has helpful checklists and tips to prepare your home for the seasons; visit www.homeadvisor.com/r/home-winterization-checklist/.

Can You Manage the Yard Chores?

If not, we encourage you to find someone who can help you, especially if you're on a limited budget. It's alright to recruit your children or your grandchildren to help—maybe in exchange for cookies! Just ask, especially if chores need doing and you simply don't have the energy or the time. Some widows like to mow and weed or plant flowers—it's a nice distraction and good exercise. Otherwise, there are many lawn, fertilizer, and other yard service companies to choose from. It pays to shop around, because quotes will vary. Don't get a quote over the phone; have the representative visit your home and then provide you a quote in writing. If possible, select a full-service company that can not only mow, but rake up your leaves and clean your gutters in the fall, and remove snow in the winter.

Can You Manage the Home Repairs?

You may need a plumber or a handyman. Finding one that will do what they say and do it right isn't always easy. We suggest you start with Angie's List, Home Advisor, and Thumbtack. If you'd like to try it yourself (why not? It could be fun!) visit www.familyhandyman.com/. They offer Do-It-Yourself (DIY) classes and many helpful tips. And don't forget the Home Depot – they offer an abundance of classes and videos to handle all kinds of repairs yourself. Visit www.homedepot.com/.

Have You Considered Home Security?

There is no doubt that having a home security system makes most people feel safer. And there's no question that alarm systems deter crime: 60% of convicted burglars say they will target another home if they discover a security system in the one they are trying to rob. Nor are they cost-prohibitive with DIY products like Arlo (www.arlo.com) and Ring (www.ring.com). Or check out SimpliSafe with home monitoring (www.simplisafe.com). These products allow you to check your home and property on your smartphone wherever you are. We suggest it's a worthwhile investment for peace of mind.

GOOD TO KNOW.
If you already have a home alarm system and your spouse was listed as the primary contact for the emergency contact, be sure to change the name and phone number with your provider.

Have You Considered Using a Roadside Assistance Service?

Roadside assistance coverage helps drivers when their vehicle breaks down. It is an option on almost every auto insurance policy. There also auto clubs, like AAA. Generally, adding roadside assistance to your policy will get you: towing, battery service, flat tire service, fuel delivery, lockout service, and extrication. Practically speaking, whether you'll need it or not depends on how old your vehicle is, how wide your range of commuting is, and how much convenience you want. We encourage you to talk to your auto insurance company to find out how much more this might add to your premium; we think it's worth every penny. Flat tires can happen to anyone anywhere at any time. Batteries die in the winter and when you least expect it. The older your car, the more likely just about anything can break, like a fan belt, for example. Compare your policy with a AAA membership that starts at less than $100 a year. Chose the most affordable service. If your auto insurance doesn't offer roadside assistance, visit www.aaa.com to learn more about this option.

To learn more, visit https://www.policygenius.com/auto-insurance/should-i-get-aaa-for-roadside-assistance/.

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Do You Backup Your Computer and Smartphone?

Even if you've taken precautions to protect your computer from malicious software, other potential dangers could destroy the information it holds. A power surge, lightning strike, or hardware failure could leave you without your important data or the use of your computer. The same holds true for your smartphone. Backing up your files can help you avert disaster. Backing up is simply making an electronic copy of files and storing that copy in a safe place. If you back up your files regularly, you can retrieve some of your information, if not all of it, if something happens to the originals on your computer. There are many ways to back up your important data—financials, records, and photos—using your operating system, an external drive, a flash drive, or even the cloud. Discuss this with a representative where you purchased your computer and/or smartphone.

To learn more, visit https://www.pcmag.com/news/the-beginners-guide-to-pc-backup or https://www.howtogeek.com/242428/whats-the-best-way-to-back-up-my-computer/.

CHECK MY PROGRESS

Review this checklist and when you complete an item check it off and note the date. This way you can keep track of your accomplishments and see how far you've come!

	Task	Date Completed
☐	I can manage the preventative maintenance required for my home or have someone in my life to help me	
☐	I understand the preventative maintenance required for my car; I have an auto garage or mechanic I trust	
☐	I can manage the winterization of my home or have someone in my life to help me	
☐	I understand how roadside assistance could be helpful to me when I travel	
☐	I can manage the yard chores or have someone in my life to help me	
☐	I can manage the home repairs or have someone in my life to help me	
☐	I understand how a home security system could provide additional security for my safety	
☐	I know how to back-up my computer and/or smartphone or have someone in my life to help me	

MY NOTES

“My mission in life is not merely to survive, but to thrive; and to do so with some passion, some compassion, some humor and some style.”

~ Maya Angelou

GLOSSARY

Widow Fog (aka Widow Brain). You experienced a traumatic loss and this is your brain trying to protect you from the pain. Being unable to focus and experiencing confusion and forgetfulness are normal. Expect this to last for months, probably longer.

MY SPOUSE'S ESTATE

Estate. Generally, all the property a person owns at death.

Gross Estate. For the purpose of determining whether or not an estate must file a federal estate tax return, the total of all property someone owned at death, without regard to any debts or liens against the property or the costs of probate. Taxes are due only on the value of the property the person actually owned (the net estate) plus the amount of taxable gifts made during the last three years of life. In a few states, the gross estate is used when computing attorney fees for probating estates; the lawyer gets a percentage of the gross estate.

Net Estate. The value of all property owned at death less liabilities or debts.

Nonprobate Assets. Assets left by a deceased person that do not go through probate court proceedings before being transferred to those who inherit them. Common examples are life insurance proceeds, property held in joint tenancy, community property, and property held in a living trust.

Nonprobate Transfer. The distribution of a deceased person's property by any means other than probate. Many types of property pass free of probate, including (in some states) property left to a surviving spouse and property left outside of a will through probate-avoidance methods such as pay-on-death designations, joint tenancy ownership, living trusts, and life insurance. Property that avoids probate is sometimes described as the nonprobate estate.

Probate. Probate is the court-supervised process of wrapping up a person's estate. Probate can be expensive, time consuming, and is often more of a burden than a help. Most states now offer simplified probate procedures for estates of relatively small value.

Probate Court. A specialized court or division of a state trial court that considers cases concerning the distribution of deceased persons' property and the appointment of guardians for children or adults who need care and supervision.

Probate Estate. Property of a deceased person that goes through probate court proceedings before being distributed to those who inherit it.

SAFEGUARDING MY CREDIT

Creditor. A person or entity (such as a bank or credit card company) to whom a debt is owed.

Credit Freeze. A credit or "security" freeze prevents prospective creditors from accessing your credit file. They are useful in preventing an identity thief from opening a new credit account in your name.

Credit Report. A written account of a consumer's credit history prepared by a credit reporting agency. Credit reports generally include information on loans, credit cards, and other bills and accounts, as well as a record of the consumer's addresses and employers. To get and use a consumer's credit report, a business must follow the procedures laid out in the Fair Credit Reporting Act.

Credit Reporting Agency. A private company that collects and sells information about a person's credit history. Clients, such as banks, mortgage lenders, credit card companies, landlords, and potential employers, use the information to screen applicants. There are three major credit reporting agencies, Equifax, Experian, and TransUnion, and they are regulated by the federal Fair Credit Reporting Act.

Credit Score. Numerical calculation that creditors use to evaluate the creditworthiness of someone applying for credit, such as a mortgage or credit card. High credit scores (over 700) indicate less risk that you will default on payments, and low scores (under 400) indicate potential problems. Credit scores are based on information in your credit report, such as bill-paying history and outstanding debt. The biggest credit scoring company is Fair Isaac Corporation (FICO).

Federal Trade Commission (FTC). The FTC's mission is protecting the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research, and education. (www.ftc.gov)

Fraud Alert. A fraud alert is a notice that is placed on your credit report that alerts credit card companies and others who may extend you credit that you may have been a victim of fraud, including identity theft. Think of it as a "red flag" to potential lenders and creditors.

Hard Inquiries. When a lender or company requests to review your credit report as part of the loan application process, that request is recorded on your credit report as a hard inquiry, and it usually will impact your credit score.

Soft Inquiries. Soft inquiries typically occur when a person or company checks your credit as part of a background check. This may occur, for example, when a credit card issuer checks your credit without your permission to see if you qualify for certain credit card offers. Your employer might also run a soft inquiry before hiring you. Unlike hard inquiries, soft inquiries won't affect your credit scores.

MY IMPORTANT DOCUMENTS

Certificate of Military Discharge (DD Form 214). The report of separation form issued in most recent years is the DD Form 214, Certificate of Release or Discharge from Active Duty. The DD 214 identifies the veteran's condition of discharge - honorable, general, other than honorable, dishonorable or bad conduct. This form is required for applying for veterans benefits through the Department of Veterans Affairs.

Certified Copy. A copy of a document issued by a court or government agency guaranteed to be a true and exact copy of the original. Many agencies and institutions require certified copies of legal documents before permitting certain transactions. For example, a certified copy of a death certificate is required before a bank will release the funds in a deceased person's payable-on-death account to the person who has inherited them.

Death Certificate. A death certificate is an official document issued by the government, which declares cause of death, location of death, time of death and some other personal information about the deceased. There are several reasons why you may need to obtain a death certificate. Most often it's to serve as proof for legal purposes. These reasons may include accessing pension benefits, claiming life insurance, settling estates, getting married (if a widow or widower needs to prove that their previous partner has passed), or arranging for a funeral.

Marriage Certificate. A document that provides proof of a marriage, typically issued to the newlyweds a few weeks after they file for the certificate in a county office. Most states require both spouses, the person who officiated the marriage, and one or two witnesses to sign the marriage certificate; often this is done just after the ceremony.

CLAIMING MY BENEFITS: SOCIAL SECURITY

Earnings Record. The record of a person's earnings over his or her lifetime that is maintained by the Social Security Administration for purposes of calculating the amount of benefits to which one may be entitled -- including retirement benefits, disability benefits, or dependents or survivors benefits. Ask the Social Security Administration for a copy of your Social Security Statement to make sure your earnings record is accurate.

Family Maximum Benefit (FMB). Social Security limits the amount of money it pays to families for survivor benefits. The FMB is determined as part of every social security benefit calculation and ranges from 150 to 180 percent of the PIA or full benefit amount. However, if the total amount payable to all family members exceeds the limit, each person's benefit is reduced until the total amount equals the maximum allowed.

FICA Tax. Short for Federal Insurance Contributions Act tax, it is a payroll tax that incorporates the Social Security tax and Medicare tax. The FICA tax is 15.3% of an individual's earned income up to a certain limit (called the Social Security Wage Base) that increases each year, and then 2.9% of wages without limit.

Full Retirement Age (FRA). The full retirement age is the age at which you are eligible to claim 100 percent of the benefit Social Security calculates from your lifetime earnings record. This age is 66 if you were born from 1943 to 1954. The full retirement age increases gradually if you were born from 1955 to 1960, until it reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67.

Primary Insurance Amount (PIA). The PIA is the benefit your spouse would have received at their Full Retirement Age (FRA).

Social Security Administration. The Social Security Administration (SSA) is an independent federal agency that administers the Social Security program, which includes retirement, disability, dependents, and survivors benefits. Visit at www.ssa.gov.

Social Security Statement. An accounting of each worker's earnings and work credits for purposes of calculating the amount of Social Security retirement, disability, survivors, or dependents benefits to which an individual is entitled. Social Security statements are generally mailed out each year to people age 60 and older who are not receiving benefits and every five years to those under 60. You can also obtain your statement online on the Social Security Administration's website.

Social Security Tax. A portion of the FICA (Federal Insurance Contributions Act) tax that is 12.4% of an individual's net earned income. The employee's share of the Medicare tax is 6.2% of wages up to a certain limit (called the Social Security Wage Base) that increases each year. The employer's share of the Medicare tax is 6.2% of an employee's wages up to that limit.

Survivors Benefits. An amount of money available to a deceased worker's surviving spouse and minor or disabled children, if the deceased worker qualified for Social Security retirement or disability benefits.

Supplemental Security Income (SSI). Is a federal program that provides cash payments to persons of limited income and resources who are disabled (according to federal standards), over age 65, or blind. SSI is the main form of government support for people who aren't eligible for Social Security retirement or disability benefits and who meet the programs income and resources requirements.

MY MONEY FLOW & NET WORTH

Asset. If you own something of value – can touch it – it's an asset. Adding the value of individual assets, like your home, car, and furnishings, for example, and subtracting the total value of all your liabilities is how you calculate new worth.

Budget. A budget is a spending plan based on income and expenses. In other words, it's an estimate of how much money you'll make and spend over a certain period of time, such as a month or year.

Debt. An amount owed by one person or entity to another. The total of everything a person or entity owes to all creditors.

Debt Collector. Someone who works in the in-house collections department of an original creditor or for a collection agency to track down debtors and get them to pay what they owe.

Debt-to-Income Ratio. The percentage of a person's monthly gross income that is spent on paying debts, such as housing and credit card payments. Banks and lenders use this ratio to decide how much money (and on what terms) they will lend someone for a mortgage, car, or other loan. Traditionally, lenders have said that your housing costs (mortgage principal and interest, homeowner's insurance, and property taxes, also known as PITI) shouldn't exceed 28% of your gross income, and that your overall debt (PITI plus car and other loan payments) shouldn't exceed 36%.

Depreciation. The monetary value of an asset decreases over time due to use, wear and tear or obsolescence. This decrease is measured as depreciation. The most common types of depreciable assets include your vehicles, buildings, and computers and other electronics.

Discretionary Expense. A discretionary expense is a cost that a household can survive without, if necessary. Discretionary expenses are often defined as nonessential spending. This means a household is still able to maintain itself even if all discretionary consumer spending stops. Meals at restaurants and entertainment costs are examples of discretionary expenses.

Earned Income. Compensation for services rendered, such as wages, commissions, and tips.

Emergency Fund. The term "emergency fund" refers to money stashed away that people can use in times of financial distress. The purpose of an emergency fund is to improve financial security by creating a safety net that can be used to meet unanticipated expenses, such as an illness or major home repairs. Assets in an emergency fund tend to be cash or other highly liquid assets.

Fixed Expense. A fixed expense is an expense in your budget that you can expect to stay the same, or close to it, over time. When you sit down to make your monthly budget, you don't have to guess how much you're mortgage is – it's the same amount every month. 'Other examples of fixed expenses include cell phone service, internet service, and insurance premiums.

Income. Money, goods, or other economic benefit received. Under income tax laws, income can be active through one's efforts or work, or passive from rentals, stock dividends, investments, and interest on deposits in which there is neither physical effort nor management. For tax purposes, income does not include gifts and inheritances received. Taxes are collected based on income by the federal government and most state governments.

Income In Respect of Decedent. Any income a deceased person would have received, had he or she lived. An example is interest and dividends accrued or distributions from certain deferred compensation and stock option plans.

Liability. A liability is something a person owes, usually a sum of money. If you are a homeowner, you are liable for the property taxes. Other liabilities include credit card debt, a mortgage, or an auto loan.

Net Worth. Your net worth is the amount by which your assets exceed your liabilities. In simple terms, net worth is the difference between what you own and what you owe. If your assets exceed your liabilities, you have a positive net worth. Conversely, if your liabilities are greater than your assets, you have a negative net worth. Your net worth provides a snapshot of your financial situation at this point in time. You are building wealth as your net worth increases, and vice versa.

Tax-Exempt Income. Income that is specifically made exempt from taxation by Congress, such as certain Social Security benefits, tax-exempt interest, welfare benefits, nontaxable life insurance proceeds, and nontaxable pension income.

Taxable Income. An individual's gross income minus all allowable deductions, adjustments, and exemptions.

Variable Expense. Variable expenses are the opposite of fixed expenses. A variable expense, also known as a discretionary expense, is an expense in your budget that changes from month to month. Examples of variable expenses include groceries, entertainment, and dining out.

MY BANKING

Certificate of Deposit (CD). A document issued by a bank in return for a deposit of money. Interest rates on CDs are fixed, and usually higher than on savings accounts, because banking institutions require a commitment to leave the money on deposit for a fixed period of time. Often there is a financial penalty (fee) for cashing in a CD before the pledged time has run out.

Compound Interest. Interest paid at least in part on accumulated interest. For example, if interest on a savings account is compounded monthly, the depositor is paid interest on the amount deposited after the first month. After the second month, the depositor receives interest on the total amount in the account: the amount deposited plus the interest paid in the first month.

Debit Card. A card issued by a bank that combines the functions of an ATM card and a check. A debit card can be used to withdraw cash at a bank, like an ATM card. It can also be used like a check at stores, to pay for goods and services. A debit card is linked to the user's bank account, from which money is automatically withdrawn when the card is used.

Estate Checking Account. Is a new, temporary bank account opened for the specific purpose of managing an estate's assets, including centralizing an estate's funds and paying estate bills and taxes. An E.I.N. will be required to open an estate checking account; the E.I.N. can be easily applied for online. Never mix your personal money with estate money.

Home Equity Line-of-Credit (HELOC). A home equity line of credit (HELOC) allows you to borrow money by using your home's equity as collateral. Your lender sets a borrowing limit, and you can choose to borrow as much of that as you want for an agreed-upon period of time. It's like a credit card or any other line of credit—you withdraw money as you need it, and you only pay for what you borrow.

Line of Credit (LOC). A line of credit (LOC) is a preset borrowing limit that can be tapped into at any time. The borrower can take money out as needed until the limit is reached. As money is repaid, it can be borrowed again in the case of an open line of credit. Typically, an LOC is applied for at a bank.

Notary Public. A licensed public officer who administers oaths, certifies documents, and performs other specified functions. Notaries public are usually licensed through the Secretary of State's office in the state where the notary lives. A notary public's signature and seal are required to authenticate the signatures on many legal documents.

Payable-On-Death (POD). A way to avoid probate for bank accounts, government bonds, securities, individual retirement accounts, and, in some states, real estate or cars. To create a pay-on-death designation, you simply name someone on the ownership document (such as the registration card for a bank account) to inherit the property at your death. You retain complete control of your property while you are alive, and you can change the beneficiary (payee) at any time. At your death, the property is transferred directly to the beneficiary, free of probate.

Safe Deposit Box. A safe deposit box is a secure container, usually made of metal, that's used to store valuables at a bank or credit union. These boxes are often kept in vaults and can be rented by bank customers for a fee.

MY INVESTMENTS

Annual Percentage Rate (APR). A yearly interest rate that includes up-front fees and costs paid to acquire the loan, calculated by taking the average compound interest rate over the term of the loan. Mortgage lenders are required to disclose the APR so that borrowers can more accurately compare the actual cost of different loans with different fees.

Asset Allocation. Asset allocation involves dividing your investments among different assets, such as stocks, bonds, and cash. The asset allocation decision is a personal one. The allocation that works best for you changes at different times in your life, depending on how long you have to invest and your ability to tolerate risk.

Balanced Fund. A balanced fund is a mutual fund that typically contains a component of stocks and bonds. A mutual fund is a basket of securities in which investors can purchase. Typically, balanced funds stick to a fixed asset allocation of stocks and bonds, such as 70% stocks and 30% bonds. Bonds are debt instruments that usually pay a stable, fixed rate of return. The investment objective for a balanced mutual fund tends to be a mixture of growth and income, which leads to the balanced nature of the fund. Balanced mutual funds are geared toward investors who are looking for a mixture of safety, income, and modest capital appreciation.

Bond. A bond is a fixed-income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental). A bond could be thought of as an I.O.U. between the lender and borrower that includes the details of the loan and its payments. Bonds are used by companies, municipalities, states, and sovereign governments to finance projects and operations. Owners of bonds are debtholders, or creditors, of the issuer.

Broker. A person or entity that arranges contracts (for real estate, insurance, stocks, and the like) between a buyer and seller for a commission. Brokers in many fields are regulated and licensed by each state and have a fiduciary duty to act in the best interests of their customers or clients.

Capital Gain. Profit on the sale of a capital asset, such as stock or real estate.

Capital Loss. The loss on the sale of a capital asset, such as a stock or real estate.

Common Stock. A class of stock for which dividends (payouts) are calculated on a pro rata basis (according to the number of shares a shareholder owns). Holders of common stock have rights to vote on corporate matters and to receive a share of the assets if the corporation is liquidated.

Diversification. Diversification is a risk management strategy that mixes a wide variety of investments within a portfolio. A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt at limiting exposure to any single asset or risk. The rationale behind this technique is that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security.

Dividend. A portion of profits distributed by a corporation to its shareholders based on the type of stock and number of shares owned. Dividends are usually paid in cash, though they may also be paid in the form of additional shares of stock or other property.

Exchange Traded Fund (ETF). An exchange-traded fund (ETF) is a type of pooled investment security that operates much like a mutual fund. Typically, ETFs will track a particular index, sector, commodity, or other assets, but unlike mutual funds, ETFs can be purchased or sold on a stock exchange the same way that a regular stock can. An ETF can be structured to track anything from the price of an individual commodity to a large and diverse collection of securities. ETFs can even be structured to track specific investment strategies. The first ETF was the SPDR S&P 500 ETF (SPY), which tracks the S&P 500 Index, and which remains an actively traded ETF today.

Fiduciary. A person or company that has the power and obligation to act for another under circumstances which require total trust, good faith, and honesty. Fiduciaries can include trustees, business advisers, attorneys, guardians, administrators of estates, real estate agents, bankers, stock brokers, title companies, or anyone who undertakes to assist someone who places complete confidence and trust in that person or company. Your Wings for Widow coaches are fiduciaries.

Individual Retirement Account (IRA). A retirement plan established by an individual that allows annual contributions of income and provides some tax advantages.

Coupon Rate. The coupon rate, or coupon payment, is the nominal yield a bond is stated to pay on its issue date. A bond's coupon rate can be calculated by dividing the sum of the security's annual coupon payments and dividing them by the bond's par value. For example, a bond issued with a face value of $1,000 that pays a $25 coupon semiannually has a coupon rate of 5%. All else held equal, bonds with higher coupon rates are more desirable for investors than those with lower coupon rates.

Investment. Money spent to acquire an asset for the purpose of making a profit, such as the purchase of stock in a corporation. Also refers to the property or business interest purchased in order to make a profit.

Investment Portfolio. A portfolio is a collection of financial investments like stocks, bonds, commodities, cash, and cash equivalents, including closed-end funds and exchange traded funds (ETFs). People generally believe that stocks, bonds, and cash comprise the core of a portfolio.

Liquidity. The relative ease in which things can be bought or sold is referred to as liquidity. Consider that some things you own such as your car might be able to sold quickly. Others such as a rare collectible coin or custom painting of your family may be a bit more difficult. Stocks, bonds, and ETFs are liquid; alternative investments, like hedge funds, are not as liquid.

Money Market. A money market account is a type of interest-earning savings account. Money market accounts are offered by financial institutions. They are insured by the Federal Deposit Insurance Corporation (FDIC), and they typically have limited transaction privileges. Money markets are very liquid and a safe place to park cash.

Municipal Bond Fund. A municipal bond fund is a fund that invests in municipal bonds. Municipal bond funds can be managed with varying objectives that are often based on location, credit quality, and duration. Municipal bonds are debt securities issued by a state, municipality, county, or special purpose district (such as a public school or airport) to finance capital expenditures. Municipal bond funds are exempt from federal tax and may also be exempt from state taxes.

Mutual Fund. A mutual fund is a financial vehicle that pools assets from shareholders to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund.

Nominal Rate of Return. The nominal rate of return is the amount of money generated by an investment before factoring in expenses such as taxes, investment fees, and inflation. If an investment generated a 10% return, the nominal rate would equal 10%. After factoring in inflation during the investment period, the actual ("real") return would likely be lower. However, the nominal rate of return has its merits since it allows investors to compare the performance of an investment irrespective of the different tax rates that might be applied for each investment.

Prospectus. A detailed statement by a corporation used to describe an issuance (offer) of stock to the general public. A prospectus includes the corporation's financial statements, information about its directors and officers, its business plans, any litigation in progress, its recent performance, and other matters that would assist a potential investor or investment adviser to evaluate the stock and the prospects of the company for profit, loss, or growth.

Preferred Stock. A class of stock giving its holders priority in receiving dividends and a share of assets upon liquidation of the corporation, but no voting rights.

Real Estate Investment Trust (REIT). A business that invests in real estate. Investors buy shares in a REIT to invest in real estate in much the same way as they might buy shares in a mutual fund to invest in stocks. A REIT is set up to minimize or avoid corporate income taxes.

Risk. Risk is the probability of a loss. Risk can be measured using statistical methods that are historical predictors of investment risk and volatility. Commonly used risk management techniques include standard deviation, Sharpe ratio, and beta.

Rollover. To reinvest funds from a tax-deferred account or maturing security into a similar account or security. For example, moving money from one individual retirement account (IRA) to another IRA, or from a qualified retirement plan into an IRA.

Roth IRA. A Roth IRA is an Individual Retirement Account to which you contribute after-tax dollars. While there are no current-year tax benefits, your contributions and earnings can grow tax-free, and you can withdraw them tax-free and penalty free after age 59½ and once the account has been open for five years.

SECURE Act. The Setting Every Community Up for Retirement Enhancement Act of 2019, better known as the SECURE Act, was signed into law on Dec. 20, 2019. The far-reaching bill includes significant provisions aimed at increasing access to tax-advantaged accounts and preventing older Americans from outliving their assets.

Securities. The term "security" refers to a fungible (easily traded with other like assets), negotiable financial instrument that holds some type of monetary value. A security can represent ownership in a corporation in the form of stock, a creditor relationship with a governmental body or a corporation represented by owning that entity's bond; or rights to ownership as represented by an option.

Share. Shares of stock represent a fractional ownership interest of the company that issued them. By owning a share or multiple shares, investors may receive returns through capital appreciation if the stock's price rises or from dividend payouts. They also gain the ability to influence the company through their votes as a shareholder. Shares come in two basic types: common and preferred. While a shareholder can own either or both, each type of share provides different benefits and rights. When you sell or buy a stock, you do so with shares.

Standard Deviation. A statistic that measures the dispersion of a dataset relative to its mean and it calculated as the square root of the variance. Standard deviation, is often used as a measure of a relative riskiness of an asset. A volatile stock has a high standard deviation, while the deviation of a stable blue-chip stock is comparatively low.

Transfer-On-Death (TOD). Refers to the right to name a beneficiary in a document of title which allows the beneficiary to receive the property quickly, outside of probate. In most states, securities can be registered in TOD form. In some states, you can register vehicles in this way or create transfer-on-death deeds for real estate.

Treasury Bill. A promissory note issued in multiples of $10,000 by the U.S. Treasury with a maturity date of not more than one year.

Treasury Bond. A long-term bond issued by the U.S. Treasury.

Treasury Note. A promissory note issued by the U.S. Treasury for a period of one to five years.

U.S. Savings Bond. A U.S. savings bond is a government bond offered to help fund federal spending, and which provides savers with a guaranteed, although modest, return. These bonds are issued with zero coupon at a discount with an implied fixed rate of interest over a fixed period of time. For instance, Series EE savings bonds are sold at 50% of their face value, and mature to their full value after 20 years.

Volatility. Volatility represents how large an asset's prices swing around the mean price—it is a statistical measure of its dispersion of returns. There are several ways to measure volatility, including the standard deviations of returns. Volatile assets are often considered riskier than less volatile assets because the price is expected to be less predictable.

Yield. Bonds are debt instruments that pay interest to investors. These interest payments constitute a bond's yield. A bond's current yield is an investment's annual income, including both interest payments and dividends payments, which are then divided by the current price of the security.

MY RETIREMENT SAVINGS

Annuity. An insurance product that is the opposite of life insurance, as it is designed to make payments to the owner while still alive. There are many variations to these products, but most are used to provide a guaranteed income in retirement. A joint and survivor annuity pays monthly benefits as long as the retired worker is alive, and then continues to pay the worker's spouse for life or some defined duration, like 10 years.

Certified Financial Planner (CFP). A certified financial planner (CFP) is an individual who has received a formal designation from the Certified Financial Planner Board of Standards, Inc. CFPs help individuals in a variety of areas in managing their finances, such as retirement, investing, education, insurance, and taxes. Becoming a CFP is one of the most difficult and stringent processes in terms of financial advisors. It requires years of experience, successful completion of standardized exams, a demonstration of ethics, and a formal education. The most important aspect of a CFP is that they have a fiduciary duty, meaning they must make decisions with their client's best interests in mind.

Deferred Compensation. An arrangement in which a portion of an employee's income is paid at a later date than the date when it is earned. In most cases, the primary benefit is the tax deferral on the deferred income.

Defined Benefit Plan ("Pension"). A type of pension plan that promises a specific benefit upon retirement. The benefit may be a set amount (such as $1,000 per month) or may be calculated according to a formula based on, for example, years of service and average salary.

Defined Contribution Plan. A type of retirement plan that creates an individual account for each employee funded by contributions by the employer, the employee, or both. The amount contributed is set, either as a dollar amount or by formula (for example, a certain percentage of the employee's earnings). Unlike a defined benefit plan, which guarantees that the employee will be paid a certain amount on retirement, a defined contribution plan guarantees the employee only the value of his or her account upon retirement: amounts contributed to the plan plus or minus investment gains or losses. A 401(k) plan and 403(b) plan are types of defined contribution plan. For Federal employees, it's called a Thrift Savings Plan (TSP).

Fixed Annuity. An annuity that provides payments of a set amount for the recipient's life or some other specified term.

Incentive Stock Option (ISO). An option to purchase stock (usually given to senior employees) which provides favorable tax treatment for the option holder, as long as certain holding period requirements are met. If the holding period requirements are met, the options are not taxable at the time they are granted or exercised, and any profit is taxed at long-term capital gains rate instead of ordinary income rates.

Portability. Portability is the option to move certain employee benefits along with you if you change employers. For example, health insurance benefits are made portable through HIPAA legislation and COBRA continuation of coverage. Retirement plans are made portable through qualified rollovers into a new 401(k) or individual retirement account (IRA). IRAs can be moved from custodian to custodian.

Qualified Plan. A retirement plan that meets certain requirements under the Internal Revenue Code and is thus eligible for special tax considerations and benefits. Often, the plan allows employers to make tax deductible contributions on behalf of eligible employees. Employees generally do not have to pay tax on the plan earnings until they withdraw the money. Examples of qualified plans include 401(k) plans, 403(b) plans, and IRAs.

Required Minimum Distribution (RMD). A required minimum distribution (RMD) is the amount of money that must be withdrawn from an employer-sponsored retirement plan, traditional IRA, SEP, or SIMPLE individual retirement account (IRA) by owners and qualified retirement plan participants of retirement age. In 2020, the age for withdrawing from retirement accounts changed from 70½ to 72 years old. Account holders must therefore begin withdrawing from a retirement account by April 1 following the year they reach age 72. The retiree must then withdraw the RMD amount each subsequent year based on the current RMD calculation.

Simplified Employee Pension Plan (SEP). A pension plan allowing self-employed business owners to make contributions toward their own retirement plans and to their employees retirement plans. Contributions are made directly to an individual retirement account set up for each employee (a SEP-IRA) and there the contributions accumulate tax-deferred until withdrawn.

Savings Incentive Match Plan For Employees Of Small Employers (Simple). A Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) is a tax-deferred retirement account that enables small employers to contribute to their employees' and their own retirement savings. Only employers who do not offer other retirement plans and have fewer than 100 employees can set up and offer a SIMPLE IRA. SIMPLE IRAs are easier for an employer to establish and have lower administrative and start-up costs than many other retirement plans. SIMPLE IRAs require employers to make a minimum contribution to the employee's account.
The employer's yearly contribution can be either a matching contribution up to 3% of compensation or a 2% nonelective contribution for each eligible employee.

Thrift Savings Plan (TSP). A thrift savings plan is similar to a 401(k) plan for federal employees and uniformed services personnel. Participants in a TSP can get an immediate tax break for their savings. They can also choose to invest in a Roth for freedom from taxes after retirement. Plan participants can put their money into any of six investing options. You can roll over a 401(k) and IRAs into a TSP if you leave the private sector to work in a public one. If you leave a public service job with a TSP, you can also roll it over to a 401(k) or IRA.

Variable Annuity. An annuity that makes payments that vary in amount, depending on the performance of the investments made by the annuity company.

Vested. An unconditional right or title. For example, if an employee must work for ten years before his pension becomes vested, then after ten years of employment he has unconditional right to that pension. During the ten years prior, his right to the pension was unvested.

MY ASSETS: REAL ESTATE

Clear Title. Ownership of property that is free of claims or disputes about ownership. Clear title is necessary before property can be sold. For example, you cannot sell your spouse's vehicle if you do not have title to it.

Community Property. A method of defining the ownership of property acquired during marriage, in which all earnings during marriage and all property acquired with those earnings are owned in common and all debts incurred during marriage are the responsibility of both spouses. Typically, community property consists of all property and profits acquired during marriage, except property received by inheritance, gift, or as the profits from property owned before marriage. Community property laws exist in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. In Alaska, couples can create community property by written agreement, and in Kentucky, South Dakota, and Tennessee, couples can create special community property trusts.

Community Property With Right of Survivorship. A way for married couples to hold title to property, available in some community property states. It allows one spouse's half-interest in community property to pass to the surviving spouse without probate.

Deed. A document that transfers ownership of real estate and is recorded in the local public land records.

Fair Market Value. The amount for which property would sell on the open market. This is distinguished from "replacement value," which is the cost of duplicating the property.

Home Equity. The current market value of a house minus how much is owed on it. A home equity loan (HELOC) borrows against this amount.

Joint Tenancy. A way for two or more people to share ownership of real estate or other property. In almost all states, the co-owners (called joint tenants) must own equal shares of the property. When one joint tenant dies, the other owners automatically own the deceased owner's share. For example, if spouses own a house as joint tenants and one dies, the survivor automatically becomes full owner. Because of this right of survivorship, the property goes directly to the surviving joint tenants without the delay and costs of probate.

Lien. A creditor's legal claim against particular property owned by a debtor as security for a debt. Liens the debtor agrees to, called security interests, include mortgages, home equity loans, car loans, and personal loans for which the debtor pledges property as collateral. Nonconsensual liens are liens placed on property without the debtor's consent, and include tax liens, judgment liens (liens a creditor obtains by suing and getting a court judgment against the debtor), and mechanics' liens (liens filed by a contractor who worked on the debtor's house but didn't get paid).

Marital Property. Property that is considered under state law to be owned by both spouses. In community property states, all income earned and property acquired during marriage is marital (community) property. In other states, whether property is considered marital property depends on how it is titled and sometimes, other factors. Most states exclude inheritances from marital property.

Mortgage. An arrangement under which a borrower puts up the title to real estate as security (collateral) for a loan to buy the real estate. The borrower typically agrees to make regular payments of principal and interest to repay the loan. If the borrower falls behind (defaults) on the payments, the lender can foreclose on the real estate and have it sold to pay off the loan.

Quitclaim Deed. A deed that transfers whatever ownership interest the transferor has in a particular property. Quitclaim deeds are used primarily among family members or others familiar with the property and each other. It can be used effectively at death, because the property transfers quickly and easily.

Refinance. Is the process of restructuring your mortgage. Before you decide whether or not to refinance your mortgage, make sure that you have adequate home equity. At least 20% equity will make it easier to qualify for a loan. Check to make sure that you have a credit score of at least 760 and a debt-to-income (DTI) ratio of 36% or less. Look into terms, interest rates, and refinancing costs—including points and whether you'll have to pay private mortgage insurance (PMI)—to determine whether moving forward on a loan will serve your needs.

Reverse Mortgage. A loan for homeowners 62 years of age or older who have considerable equity in their houses. Typically, borrowers make no payments during their lifetimes; the loan is paid off at their death, when the house is sold.

Right of Survivorship. The right of a surviving co-owner to take ownership of a deceased owner's share of the property. Forms of ownership that come with a right of survivorship include joint tenancy, tenancy in the entirety, and community property with right of survivorship.

Transfer-On-Death Deed. A real estate deed that takes effect at death and allows a property owner to leave property in a way that avoids probate court proceedings after death. It is allowed in only some states. Sometimes called a beneficiary deed.

Tenancy In The Entirety. A special kind of ownership that's similar to joint tenancy but is only for married couples and, in a few states, same-sex couples who have registered with the state. It is available in about half the states. Both spouses have the right to enjoy the entire property. Neither one can unilaterally end the tenancy, and creditors of one spouse cannot force a sale of the property to collect on a debt. When one dies, the survivor automatically gets title to the entire property without a probate court proceeding.

Tenancy In Common. A way two or more people can own property together, in unequal shares. Each has an undivided interest in the property, an equal right to use the property, and the right to leave his or her interest upon death to chosen beneficiaries instead of to the other owners (as is required with joint tenancy). In some states, two people are presumed to own property as tenants in common unless they've agreed otherwise in writing.

Title. Ownership of real estate or personal property. With real estate, title is evidenced by a deed (or sometimes, another document) recorded in the county land records office.

MY TAXES

Basis. Also known as "cost basis." For income and capital gains tax purposes, the value that is used to determine profit or loss when property is sold. Often the basis is what you paid for the property, adjusted to reflect improvements made or damage incurred while you own the property.

Capital Gains Tax. A capital gain occurs when you sell an asset for a price higher than its basis (the price you bought it at). If you hold an investment for more than a year before selling, your profit is considered a long-term gain and is taxed at a lower rate. Investments held for less than a year are taxed at the higher, short-term capital gain rate. To limit capital gains taxes, you can invest for the long-term, use tax-advantaged retirement accounts, and offset capital gains with capital losses.

Carryover. A method by which deductions and credits for one tax year that could not be used to reduce tax liability in that year are applied against tax liability in subsequent years.

Certified Public Accountant (CPA). The most highly qualified of accounting professionals, a CPA has passed a state's Uniform Certified Public Accountant Examination and has met additional state education and experience requirements.

<u>Common Tax Forms</u>

- **W-2.** An IRS form on which wages paid to employees are reported by employers.
- **1099-R.** This form is used to report the distribution of retirement benefits such as pensions and annuities. You should receive a copy of Form 1099-R, or some variation, if you received a distribution of $10 or more from your retirement plan (e.g. IRA, Roth IRA, 401(k), 403(b), etc.).
- **1099-NEC.** If you are self-employed, a freelancer, contractor, or work a side gig, you may be used to receiving Form 1099-MISC that reports your self-employed income at tax time. Beginning with tax year 2020, the IRS requires your self-employment income of $600 or more to be reported on Form 1099-NEC (non-employee compensation) instead of Form 1099-MISC.
- **1099-INT.** This form reports payments of interest income paid by banks and other financial institutions.
- **1099-DIV.** This form reports payments of dividend income paid to stock or mutual fund shareholders. Investment institutions often combine the reporting of interest and dividend income in one document.
- **1099-SA.** This form reports distributions from a Health Savings Account (HSA).
- **SSA-1099.** This form reports the total amount of benefits you received from Social Security. Social security benefits include monthly retirement, survivor, and disability benefits. They don't include Supplemental Security Income (SSI) payments, which aren't taxable.

Deduction. In tax law, an amount that an individual or business can subtract from its gross income (total income) to determine its taxable income (the total income on which it owes tax). Examples of federal income tax deductions include mortgage interest, charitable contributions, and certain state taxes. Many simply choose the "standard deduction" instead of itemizing the various deductions.

Dependent. The IRS has formal rules for determining if a person qualifies as a dependent for income tax purposes. Primarily based on age, where they lived, and how much support was provided.

Estate Tax. Federal estate tax is imposed by the federal government on property transferred during life or at someone's death; it is officially called the unified gift and estate tax. All property, however owned and whether or not it goes through probate court before being given to inheritors, is subject to estate tax. In practice, however, far fewer than even 1% of estates actually owe federal estate tax due to the high exemption thresholds.

Exemption. In tax law, an amount taxpayers are allowed to deduct from their taxable income based on a circumstance or their status. Each year, taxpayers get an exemption for themselves, each dependent, blindness or other disability, and for being over age 65.

Gross Income. The total income of an individual or business from all sources, before subtracting adjustments, exemptions, or deductions allowed by tax law.

Head Of Household. For purposes of federal income taxes, a filing category for someone who is unmarried or legally separated from a spouse and who provides a home for at least one dependent for more than half of the year. The tax rate for someone filing as head of household is lower than it would be for someone filing as a single person or married filing separately.

Income Tax. A tax on an individual or a corporation's net income after deductions for various expenses and payments, such as charitable gifts or business expenses. There is a federal income tax and most states assess income tax but at a lower rate than the federal government.

Itemized Deductions. Expenses allowed by the tax code to be subtracted from income, such as medical expenses, mortgage interest, and charitable expenses.

Joint Tax Return. A single tax return filed by a married couple on which they report their combined income and deductions.

Marital Deduction. A deduction allowed by the federal estate tax laws for all property passed to a surviving spouse who is a U.S. citizen. This deduction (which really functions as an exemption) allows anyone, even a billionaire, to pass his or her entire estate to a surviving spouse without any estate tax at all.

Net Earnings/Pay. This is what's left after taxes and other deductions are taken out of a person's paycheck; also referred to as "take home pay."

Payroll Taxes. The income taxes withheld from an employee's paycheck plus unemployment contributions and FICA contributions, including both Social Security and Medicare.

Property Tax. A tax on the value of property (usually real estate, but sometimes personal property as well) levied by a local government. The property's value is usually established by a public assessor. Local government entities may also impose special (ad valorem) taxes for particular public property improvements such as sidewalks, tree planting, or storm drains that benefit property owners.

Qualifying Widow. The favorable IRS filing status that is available to widows with dependent children for two years following the year the spouse died.

Stepped-Up Basis. An increased basis (value that is used to determine taxable profit or loss when property is sold) given to inherited property that went up in value after the deceased person acquired it but before the new owner inherited it. The basis of the new owner is "stepped up" to the market value of the property at the time of death. The stepped-up basis means that when the property is eventually sold, there will be less taxable capital gain.

Tax Credit. An incentive that lets taxpayers reduce the overall amount of taxes they owe by meeting certain qualifications. Examples of tax credits offered by the IRS include the Child Tax Credit and tax credits for first-time home buyers.

Unearned Income. Income from investments, such as interest, dividends, or capital gains, or any other income that isn't compensation for services.

Wages. Compensation that a worker receives in exchange for labor.

Withholding. The practice of holding back a portion of money from an employee's paycheck to pay Social Security, Medicare, and income taxes.

MY INSURANCE NEEDS: HEALTH INSURANCE

COBRA. The acronym for the law that allows an eligible employee or is or her dependents to continue health insurance coverage after that employee loses his job, or dies. The law was the Consolidated Omnibus Budget Reconciliation Act, which passed in 1985.

Flexible Spending Account (FSA). An account into which employees may set aside pretax income for medical expenses not paid by health insurance (such as co-payments, premiums, and expenses that are outside of the employer's plan) or for dependent care expenses.

Health Savings Account (HSA). Requires owner to have a high deductible health plan (HDHP). The owner contributes either to an individual HSA with after-tax dollars or to an employer-sponsored account with pre-tax income. Contributions to individual HSAs are tax-deductible. All withdrawals are tax-free as long as you use the funds for qualified medical expenses.

Insurance Marketplace. A place for people to buy health insurance outside of an employer. Someone might use the marketplace because their employer doesn't offer health insurance, they are a part-time employee and don't qualify, they are self-employed or currently unemployed.

Medicaid. A program established by the federal government and administered by the states to help pay medical costs for financially needy people. Need is defined by the program of the state in which the applicant resides. Medicaid operates in addition to Medicare to help pay for some of the medical costs that Medicare does not cover. Qualifications are largely based on income and are state specific.

Medicare. A federal government program that assists older and some disabled people in paying their medical costs. The program is divided into three parts. Part A is called hospital insurance and covers most of the costs of a stay in the hospital, as well as some follow-up costs after time in the hospital. Part B, medical insurance, pays some of the cost of doctors and outpatient medical care. Part D pays for some of the cost for prescription medicine.

Medicare Part A. The portion of Medicare that covers hospitals, skilled nursing, and hospice services. This is the part paid for by the money withheld from a worker's paycheck.

Medicare Part B. The portion of Medicare that covers outpatient services, office visits, and hospital-administered prescription drugs. Retirees pay a premium for Part B, most often via a deduction from their Social Security benefit.

Medicare Part C. This portion, also known as Medicare Advantage, covers some things that Original Medicare doesn't cover, such as routine dental or vision services, or prescription drugs in most situations. Medicare Advantage plans are offered by private insurance companies approved by Medicare.

Medicare Part D. This portion of Medicare helps individuals with the costs of either brand name or generic brand prescriptions if they don't have Medicare Part C.

Spend Down. To spend resources on medical needs when an applicant for certain Medicaid benefits has resources over the resource limit. When the applicant's resources are sufficiently reduced, he or she will qualify for Medicaid.

MY INSURANCE NEEDS: LIFE INSURANCE

Beneficiary. The person, people, or entity (i.e., trust or estate) named in the policy to receive the death benefit. If no one is named, the proceeds are most often paid to the insured's estate.

Cash Surrender Value (CSV). The amount of money the owner will receive if the policy is surrendered or terminated. This is also the amount that can be taken as a loan from the policy. There is no CSV with a term policy.

Death Benefit. The amount of money beneficiaries will receive upon the death of the insured. Sometimes referred to as "Face Amount."

Group Life Insurance. Life insurance available through an employer or association that covers participating employees and members under one master insurance policy. Most group life insurance policies are term life insurance policies, that terminate when the member or employee reaches a certain age or leaves the organization and do not accumulate any cash surrender value.

Insurance. The basic premise of insurance is to transfer risk (and liability) from yourself to someone else (the insurance company). A contract in which the insured pays a fee to the insurance company, and in exchange, the insurance company agrees to pay the beneficiary of the policy a given amount if specific events occur. For example, life insurance pays a beneficiary on the death of the insured, auto insurance pays the beneficiary if the insured gets into an auto accident, and health insurance pays for health care if the insured gets sick.

Insurance Agent. The person who sold the policy and/or is responsible for servicing the policy by being a point of contact between the insurance company and policy owner.

Insured. The person whose death it is insured against. The insured doesn't have to be the owner, but often is. When the insured dies, the death benefit is paid. The insured cannot be changed.

Insurer or Provider. The insurance company that insures the life of the insured and issues the policy, and agrees to pay for losses suffered by the insured.

Owner. The person or entity who legally owns the policy and therefore has the authority to make changes to the policy, like the beneficiary(ies). The owner is responsible for paying the premiums. The owner can be changed.

Policy Number. The number or combination of letters and numbers that uniquely identifies the policy.

Premium. The amount that needs to be paid to keep the policy active ("in force").

Term Life Insurance. No-frills life insurance, with neither cash surrender value nor loan value (an amount that can be used as collateral for a loan). Term life insurance provides a pre-set amount of coverage if the policyholder dies during the period of time specified in the policy. Policyholders usually have the option to renew at the end of the term for the period of years specified in the policy. Unlike whole life insurance, premiums generally increase as the insured person gets older and the risk of death increases.

Underwriter. Another term for an insurer who assumes the risk of another's loss and compensates for the loss under the terms of an insurance policy.

Universal Life Insurance. A type of whole life insurance that offers some additional features and advantages. Like whole life insurance, universal life insurance accumulates cash value through investment of the premium payments. The unique feature of universal life insurance is that it has variable premiums, benefits, and payment schedules, all of which are tied to market interest rates and the performance of the investment portfolio. Also, universal life policies normally provide the insured with more consumer information. For example, an insured person is told how much of the policy payment goes for insurance company overhead expenses, reserves, and policy proceed payments, and how much is retained and invested for the insured person's savings. This information isn't usually provided with whole life policies.

Variable Life Insurance. A type of whole life insurance in which the amount of death benefits varies, depending on the performance of investments. The insurance company places some or all of the fixed premium payments into an investment account; some companies let the insured person decide how the money is invested. The policyholder bears the risk of investment losses, though there is a guaranteed minimum benefit payment. One benefit of variable insurance is that interest and dividend income from the investment account is not taxed until it is paid out to the policyholder.

Variable Universal Life Insurance. A type of whole life insurance that provides greater potential for financial gain, but brings greater risks. Like universal life insurance, variable universal life insurance offers flexible premiums, payment schedules, and benefits. But variable universal life policies are riskier because the premiums are invested in stocks, rather than more predictable money market accounts and bonds.

Whole Life Insurance. Life insurance that provides coverage for the entire life of the policyholder, who pays the same fixed premium throughout his or her life. The policy builds up cash reserves that may be paid out to the policyholder when he or she surrenders or partially surrenders the policy or uses the cash reserves to fund low-interest loans. The annual increase in the cash value of the policy is not taxed. If the policyholder surrenders the policy, a portion of the payment is not taxable. Also called straight life insurance or ordinary life insurance.

MY INSURANCE NEEDS: AUTO INSURANCE

Auto Insurance. Standard auto insurance refers to the most basic auto insurance offered to drivers who fall into an average risk profile. The standard coverage will usually be the least expensive type of auto insurance available to the driver. Drivers with a clean driving record and a minimal number of claims filed in their past will usually qualify for standard auto insurance. There are three types of auto insurance: collision, comprehensive, and liability.

Collison Insurance Coverage. A type of car insurance that helps pay to replace or repair your vehicle if it's damaged in an accident with another vehicle or object. You can use collision coverage whether you're at fault for the accident or not. Collision coverage has a deductible, which is the amount you pay before your coverage helps pay for your claim.

Comprehensive Insurance Coverage. An element of car insurance that pays for damages to your vehicle caused by anything other than a collision, including vandalism, theft, and natural disasters. Like collision insurance, comprehensive coverage usually only pays up to the fair market value of your car (minus any deductible).

Deductible. Something that is taken away or subtracted. Under an insurance policy, for example, the deductible is the maximum amount that an insured person must pay toward his own losses before he can recover from the insurer. For example, Julie's car insurance policy has a $500 deductible. One day she forgets to set her parking brake and the car rolls backwards into a telephone pole, sustaining $2,500 in damage. Julie's insurance company deducts $500 from the total amount and issues a check to the auto body shop for $2,000.

Liability Insurance Coverage. Insurance that provides compensation to third parties who are injured or whose property is damaged due to the fault of the insurance holder. You may have liability insurance for your car or your home, or to cover actions you take in the course of your profession. Liability policies are sometimes called "third-party policies."

MY INSURANCE NEEDS: HOME & RENTERS INSURANCE

Actual Cash Value. There are essentially three levels of coverage. Actual cash value covers the cost of the house plus the value of your belongings after deducting depreciation (i.e., how much the items are currently worth, not how much you paid for them).

All Risk Policy. an all risks policy covers the insured from all perils, except those specifically excluded from the list. Contrary to a named perils contract, an all-risks policy does not name the risks covered, but instead, names the risks not covered. In so doing, any peril not named in the policy is automatically covered.

Guaranteed Replacement Cost. The most comprehensive of the three levels of coverage. This inflation-buffer policy pays for whatever it costs to repair or rebuild your home—even if it's more than your policy limit. Certain insurers offer an extended replacement, meaning it offers more coverage than you purchased, but there is a ceiling; typically, it is 20% to 25% higher than the limit.

HO3 Policy. A basic H03 policy covers all risks to the building structure, including the outside of the building; personal property, including everything in your home, is only covered if it falls under the policy's named perils.

HO5 Policy. With a premium H05 policy, all risks to the building structure and personal property are covered, but all personal property, or everything in your home—unless it falls under the list of perils that are specifically excluded. Thus, HO5 policies are more expensive than HO3 policies.

Homeowners Insurance. Homeowners insurance (also known as home insurance) isn't a luxury; it's a necessity. And not just because it protects your home and possessions against damage or theft. Virtually all mortgage companies require borrowers to have insurance coverage for the full or fair value of a property (usually the purchase price) and won't make a loan or finance a residential real estate transaction without proof of it.

Named Perils Policy. named perils insurance policy is a home insurance (or business) insurance policy that only provides coverage on losses incurred to your property from hazards or events named on the policy. Named peril coverage may be purchased as a less expensive alternative to a comprehensive coverage or broad policies, which are policies that tend to offer coverage to most perils.

Renters Insurance. Renters insurance is property insurance that provides coverage for a policyholder's belongings, liabilities, and possibly living expenses in case of a loss event. It's available to persons renting or subletting a single-family home, apartment, duplex, condo, studio, loft, or townhouse. The policy protects against losses to the tenant's personal property within the rented property. In addition, a renters insurance policy protects against losses resulting from liability claims, such as injuries occurring on the premises that are not due to a structural problem with the property (in that case the owner's—not renter's—policy would apply).

Replacement Cost. Replacement value policies cover the actual cash value of your home and possessions without the deduction for depreciation, so you would be able to repair or rebuild your home up to the original value.

Rider. A rider is an insurance policy provision that adds benefits to or amends the terms of a basic insurance policy. Riders provide insured parties with additional coverage options, or they may even restrict or limit coverage. There is an additional cost if a party decides to purchase a rider. Most are low in cost because they involve minimal underwriting. A rider is also referred to as an insurance endorsement. It can be added to policies that cover life, homes, autos, and rental units.

PROTECTING MY ESTATE & FAMILY

Advanced Directive. A legal document that allows you to set out written wishes for your medical care and to name a person to make sure those wishes are carried out.

Attorney-in-Fact. A person named in a written power of attorney document to act on behalf of the person who signs the document, called the principal. The attorney-in-fact's power and responsibilities depend on the specific powers granted in the power of attorney document. An attorney-in-fact is an agent of the principal.

Beneficiary. The person or persons, or entity like a trust, to whom property is to be distributed upon the owner's death. The property goes directly to the beneficiary(ies) and bypasses probate.

Codicil. A supplement or addition to a will. A codicil may explain, modify, add to, subtract from, qualify, alter, or revoke existing provisions in a will. Because a codicil changes a will, it must be signed in front of witnesses, just like a will.

Cotrustee. One of two or more trustees serving at the same time. Depending on the language of the trust document, the cotrustees may be required to act together, or each may be allowed to act independently.

Decree. An order by a judge, resolving issues in a court case. Similar to the term "judgment," but preferred in certain types of cases, like probate matters.

Durable Power of Attorney (DPOA). A power of attorney that remains in effect if the person who made the document -- called the principal -- becomes incapacitated. If a power of attorney is not specifically made durable, it automatically expires if the principal becomes incapacitated.

Elder Law. An area of law that addresses the legal needs of elderly people, including retirement benefits, estate planning, health care, and other issues.

Executor. The person named in a will to handle the property of someone who has died. The executor collects the property, pays debts and taxes, and then distributes what's left, as specified in the will, The executor also handles any probate court proceedings and notifies people and organizations of the death. Also called a "personal representative."

General Power of Attorney (POA). The legal document that gives a designated person or persons, known as principal, legal authority (powers) to make legal, financial, and healthcare decisions on your behalf. The POA expires with incapacity.

Grantee. Someone who receives title to real estate from a seller (grantor) in a document called a grant deed or quitclaim deed.

Grantor. Someone who transfers ownership of real estate through a grant deed, or someone who creates a trust; also called a settlor or trustor.

Guardianship. A legal relationship created by a court between a guardian and a ward--either a minor child or an incapacitated adult (although the latter relationship is more commonly called a conservatorship). The guardian has a legal right and duty to care for the ward. This may involve making personal decisions on the ward's behalf, managing the ward's property, or both.

Healthcare Directive. The legal document that gives a designated person or persons legal authority (powers) to make healthcare decisions on your behalf if you are unable to provide instructions or authorizations yourself due to illness or incapacity.

Healthcare Proxy. A person named in a health care directive to make medical decisions for the person who signed the document, called the principal. A health care proxy may go by many other names, including agent, attorney-in-fact, or patient advocate.

Inheritance. Property received upon the death of a relative due to the laws of descent and distribution.

Irrevocable Trust. A permanent trust. Once it is created, it cannot be revoked, amended, or changed in any way. The two most common reasons to make an irrevocable trust are 1) to reduce taxes, and 2) to protect property.

Irrevocable Life Insurance Trust (ILIT). A trust set up to own a life insurance policy, so that the policy proceeds aren't subject to estate tax when the original policy owner dies. Life insurance trusts are usually irrevocable. Often used to pay estate taxes.

Inter Vivos. Latin for "among the living." Inter vivos usually refers to the transfer of property during life, rather than after death through a will or other estate planning instrument. It may also refer to a trust created while living, rather than a trust that comes into being upon the trust maker's death.

Last Will (and Testament). An old-fashioned term for what is now usually called just a "will," which is a document in which you state who should inherit your property, direct how to pay debts and taxes, and name a guardian for your minor children in case one is ever needed.

Limited Power of Attorney. A power of attorney that gives the agent power to handle only a specified matter -- for example, to sign papers completing a single business transaction or property transfer.

Living Trust. A trust that is set up during a person's life. Living trusts are a common and excellent way to avoid probate at death, and may also reduce federal estate tax. Also called "inter vivos trust."

Living Will. A legal document in which you state your wishes about the types of medical care you do or do not want if you are unable to speak for yourself. This document may go by many other names, including health care directive, advance directive, declaration, or directive to physicians.

Personal Representative. An alternative term for the executor or administrator of an estate.

Per Stirpes. a method of determining who inherits property when a beneficiary has died before the will maker, leaving living children of his or her own. For example, Fred leaves his house jointly to his son Alan and his daughter Julie. But Alan dies before Fred, leaving two young children. If Fred's will states that heirs of a deceased beneficiary are to receive the property "per stirpes," Julie will receive one-half of the property, and Alans two children will share his half in equal shares (through Alan by right of representation).

Revocable Trust. A revocable trust is a popular estate planning tool that you can use to determine who will get your property when you die. Most trusts are "revocable" because you can change them as your circumstances or wishes change. Revocable trusts are "living trusts" because you make them during your lifetime. Lawyers sometimes call this "inter vivos." Most people use living trusts to avoid probate; wills do not avoid probate.

Special Needs Trust. A trust designed to hold and disburse property for the benefit of an SSI recipient so that SSI and Medicaid won't consider the trust property or disbursements to be a resource or income. To accomplish this purpose, the trust typically gives the trustee sole discretion over trust disbursements and bars the trustee from making disbursements that would impair the beneficiary's eligibility for SSI and Medicaid. In addition, the trust must be for the beneficiary's sole benefit and bar creditors from going after trust assets. A special needs trust funded with the beneficiary's own property (a self-settled trust) is subject to additional restrictions. Also called a supplemental needs trust.

Springing Durable Power of Attorney. A durable power of attorney that takes effect only when and if the principal becomes incapacitated.

Successor Trustee. The person or institution who takes over the management of living trust property when the original trustee has died or become incapacitated.

Testamentary Trust. A trust created by a will, effective only upon the death of the will maker.

Trustee. The person (or business) who manages assets held in trust, under the terms of the trust document. A trustee's purpose is to invest trust assets and distribute trust income or principal to beneficiaries as directed in the trust document. With a simple probate avoidance living trust, the person who creates the trust is also the original trustee.

Trustee Powers. The provisions in a trust document defining what the trustee may and may not do.

APPENDICES

APPENDIX A.
CREATE A GREAT FILING SYSTEM

To get started you will need some filing gear: manila (or colored) folders, hanging files, labels, sticky notes, and maybe a magic marker or two.

Start by creating a separate hanging file folder with a label for each of the major categories below:

- Bank Statements
- Credit Card Statements
- Credit Score Reports
- Home Improvements
- Insurance Statements & Policies
- Legal Documents
- Loan Statements
- Medical/Pharmacy Receipts
- Miscellaneous Bills
- Miscellaneous Receipts
- Military Documents
- Mortgage Documents
- Personal Investment Statements
- Product Service Manuals
- Property Tax Statements
- Retirement Statements
- Social Security Benefit Statements
- Tax Returns
- Vehicles

Once you've labeled your hanging file folders with these categories and any others you think are important, it's time to create subcategories using the manila folders. Each manila folder will contain specific information within each major category.

Bank Statements

Inside this hanging file, you'll want to create separate folders with labels like the following:

- Checking Account(s), or one folder for each checking account
- Money Market Account(s)
- Savings Account(s)

Credit Card Statements

In this hanging file, you'll want to file statements in folders with labels like the following:

- o Credit Card #1, or VISA 1234 if you have more than one VISA account
- o Credit Card #2, or Mastercard 1234 if you have more than one Mastercard account
- o And so on.

Credit Score Reports

In this hanging file, you'll want a separate folder for each of the three credit agencies:

- o Equifax
- o Experian
- o TransUnion

Home Improvements

In this hanging file, you'll want to save all receipts that would be helpful for tax purposes should you ever sell your home. You could save them by year or by project, as follows:

- o 2015, 2016, 2017, or
- o Screened porch, master bath, etc.

Insurance Statements & Policies

In this hanging file, you'll want a folder for each type of policy; if this hanging file gets too large, you may have to create a separate hanging file:

- o Automobile Insurance
- o Dental Insurance
- o Disability Insurance
- o Employer's Insurance
- o Health Insurance
- o Homeowner Insurance
- o Liability Insurance (a.k.a. Umbrella Insurance)
- o Life Insurance
- o Long-term Care Insurance

Legal Documents

In this hanging file, you'll want to keep COPIES of your legal documents. The originals should be kept in a safe deposit box at your bank. Your attorney also may retain copies of these documents, which is also a good idea.

- Will
- Trust and Amendments
- Health Care Directive
- Powers of Attorney

Loan Statements

In this hanging file, you'll want to have a file for each loan you have except your mortgage, as follows:

- Auto Loan
- Student Loan
- HELOC
- Personal Notes

Medical/Pharmacy Receipts

In this hanging file, you'll want files for your receipts that may be helpful for tax purposes.

Miscellaneous Bills

In this hanging file, you'll want a file for each bill. You may want to add a second hanging file to separate monthly bills from quarterly and annual bills.

- Cable (Internet, Satellite)
- Cell phone
- City (Garbage, Water)
- Daycare
- Electric/Utilities
- Health Club/Gym
- Housekeeping

- o Phone
- o Rent
- o Yard Maintenance
- o And other bills that you may have

Miscellaneous Receipts

In this hanging file, you might want a folder for each month with which to file everyday receipts, like for gas, clothing, groceries, and so on. If you need to make a return, you can easily find the receipt, which you'll need in most cases.

Military Documents

In this hanging file, you'll want a folder for your important military records:

- o Discharge Papers
- o DD214
- o Fitness Reports
- o Letters of Promotion
- o Military Medical Records
- o And so on

Mortgage Documents

In this hanging file, you'll want to include all applications, contracts, financials, and statements associated with your home and mortgage company (that big folder of documents you received when you closed on your home).

Personal Investment Statements

In this hanging file, you'll want a folder for monthly, quarterly, and annual statements. You may want a folder for trade confirmations. If you have investments at different institutions, you may want a separate hanging file(s) labeled by institution:

- o Investment Account #1, Account #2, etc., or
- o Bank #1, Credit Union #1, Ameriprise Financial, etc.

Product Service Manuals

In this hanging file, you'll want a folder for your most important product manuals (you may not need to retain the manual for your computer mouse, for example). Today, nearly any manual you need can be found online and can be downloaded as a PDF file. This is more efficient than having the paper copies. Keeping the original manuals may be more convenient, but may require more than one hanging file.

- Baby Equipment
- Computer
- Electronics
- Exercise Equipment
- Furnace and Hot Water Heater
- Kitchen Appliances
- Lawnmower
- Snowblower
- Television
- Washer/Dryer

Retirement Statements

In this hanging file, you'll want a folder for each retirement account as follows:

- IRA #1, IRA #2
- Roth IRA
- 401(k)
- Pensions
- And so on.

Social Security Benefit Statements

In this hanging file, you'll just need one folder for your benefit statements, which you either receive automatically or have to request, depending on your age.

Tax Returns

You'll want a hanging file for each tax year. You need to retain your tax returns for seven years, so you'll purge the oldest file once you've filed the current year tax return. Retain all supporting documents with your returns; you'll need them should you ever be audited.

Vehicles

In this hanging file, you'll want a folder for each car or other vehicle you may own. Retain all pertinent documents, like titles, warranties, and coupons:

- Car #1, Car #2
- ATV
- Camper
- Snowmobile
- Boat

APPENDIX B.
MY UTILITIES (WORKSHEET)

ELECTRIC	COMPANY	
	ACCOUNT #	
	PHONE NUMBER	
	WEBSITE	
	USERNAME	
	PASSWORD	
GAS	COMPANY	
	ACCOUNT #	
	PHONE NUMBER	
	WEBSITE	
	USERNAME	
	PASSWORD	
WATER	COMPANY	
	ACCOUNT #	
	PHONE NUMBER	
	WEBSITE	
	USERNAME	
	PASSWORD	
SEWER	COMPANY	
	ACCOUNT #	
	PHONE NUMBER	
	WEBSITE	
	USERNAME	
	PASSWORD	

TRASH	
COMPANY	
ACCOUNT #	
PHONE NUMBER	
WEBSITE	
USERNAME	
PASSWORD	

CABLE	
COMPANY	
ACCOUNT #	
PHONE NUMBER	
WEBSITE	
USERNAME	
PASSWORD	

COMPANY	
ACCOUNT #	
PHONE NUMBER	
WEBSITE	
USERNAME	
PASSWORD	

COMPANY	
ACCOUNT #	
PHONE NUMBER	
WEBSITE	
USERNAME	
PASSWORD	

APPENDIX C.
MY DIGITAL & SOCIAL MEDIA ACCOUNTS (WORKSHEET)

GOOGLE	USERNAME	
	PASSWORD	
	BACKUP LOCATION	
	DELETED	☐ YES ☐ NO
	NOTES	

FACEBOOK	USERNAME	
	PASSWORD	
	BACKUP LOCATION	
	DELETED	☐ YES ☐ NO
	NOTES	

INSTAGRAM	USERNAME	
	PASSWORD	
	BACKUP LOCATION	
	DELETED	☐ YES ☐ NO
	NOTES	

AMAZON		
USERNAME		
PASSWORD		
BACKUP LOCATION		
DELETED	YES	NO
NOTES		

TWITTER		
USERNAME		
PASSWORD		
BACKUP LOCATION		
DELETED	YES	NO
NOTES		

LINKEDIN		
USERNAME		
PASSWORD		
BACKUP LOCATION		
DELETED	YES	NO
NOTES		

EBAY		
USERNAME		
PASSWORD		
BACKUP LOCATION		
DELETED	YES	NO
NOTES		

PAYPAL

USERNAME				
PASSWORD				
BACKUP LOCATION				
DELETED		YES		NO
NOTES				

PINTEREST

USERNAME				
PASSWORD				
BACKUP LOCATION				
DELETED		YES		NO
NOTES				

USERNAME				
PASSWORD				
BACKUP LOCATION				
DELETED		YES		NO
NOTES				

USERNAME				
PASSWORD				
BACKUP LOCATION				
DELETED		YES		NO
NOTES				

APPENDIX D.
MY BANK ACCOUNTS (WORKSHEET)

Bank Name		Phone	
Account Type		Website	
Account #		Username	
Routing #		Password	
Date Opened		Notes	
Date Closed			
Beneficiary			

Bank Name		Phone	
Account Type		Website	
Account #		Username	
Routing #		Password	
Date Opened		Notes	
Date Closed			
Beneficiary			

Bank Name		Phone	
Account Type		Website	
Account #		Username	
Routing #		Password	
Date Opened		Notes	
Date Closed			
Beneficiary			

Bank Name		Phone	
Account Type		Website	
Account #		Username	
Routing #		Password	
Date Opened		Notes	
Date Closed			
Beneficiary			

APPENDIX E.
MY INSURANCE POLICIES (WORKSHEET)

LIFE	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

AUTOMOBILE	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

HOMEOWNER	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

DISABILITY		
	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

HEALTH		
	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

DENTAL		
	Company	
	Phone Number	
	Policy Number	
	Website	
	Primary Beneficiary	
	Secondary Beneficiary	

APPENDIX F.
MY HOME MAINTENANCE CHECKLIST

Staying on top of your home's regular maintenance can reduce the number of costly repairs you'll have to make. Regularly checking your exterior, plumbing, heating and cooling, electrical, appliances, and security prevents breakdowns and keeps your home looking its best. Use this list to help schedule your monthly and seasonal updates, repairs, and cleaning. Items may need to be checked more often depending on local conditions and manufacturer suggestions.

MONTHLY					
	Clean or replace HVAC filters		Deep clean		Test/Inspect each smoke alarm, CO detector & fire extinguisher
	Clean kitchen drain/garbage disposal		Unclog drains		

	SPRING
	Clean gutters & downspouts
	Vacuum fridge coils
	Clean and/or replace windows & screens
	Inspect roof & siding for damage
	Sharpen lawn mower blades
	Refinish exterior wood surfaces (e.g. deck)
	Inspect driveway and other concrete paths
	Service air conditioning unit
	Clear lint from dryer vent
	Inspect septic tank (if applicable)
	Fertilize your lawn

	FALL
	Service heating system
	Vacuum fridge coils
	Schedule a chimney sweep
	Put outdoor furniture in storage
	Fix weather stripping and seal cracks
	Rake leaves
	Winterize sprinklers and hoses
	Aerate lawn
	Drain sediment from hot water heater
	Clean gutters & downspouts
	Clean window wells

	SUMMER
	Check your home for insect activity
	Vacuum fridge coils
	Mulch garden beds
	Clean kitchen hood and exhaust fan filter
	Ensure ceiling fans run counter-clockwise
	Clean grill and fill propane tank

	WINTER
	Remove screens
	Vacuum fridge coils
	Install storm windows and doors
	Clean kitchen hood and exhaust fan filter
	Test your sump pump
	Ensure ceiling fans run clockwise

APPENDIX G.
SELECTING THE RIGHT FINANCIAL ADVISOR

It is likely you've never worked with a financial advisor before working with your coach. According to a 2019 CNBC-Acorns survey, fewer than one-fifth (20%) of Americans work with a financial advisor, so you're not alone. You may have found your coach's experience and advice comforting, so why don't more people work with financial advisors?

Many believe you have to be rich to hire an advisor, but this is not the case though the wealthy tend to require one more than the non-wealthy. Financial advisors help people manage their money and reach their financial goals – working with a financial advisor is a great choice for anyone who wants to get their personal finances on track and work toward long-term goals, like retirement.

Many believe finding the right advisor is simply too daunting. It does require some homework and we're going to help you with that below.

Not all financial advisors are alike.

The U.S. Securities and Exchange Commission (SEC) rules state that any financial professional or firm that engages in the business of providing advice to others or issuing securities reports or analysis for compensation is technically an "investment adviser" and must register with either the SEC or their state, depending on the advisor's assets under management.

But other titles and forms of advice are largely unregulated, and that puts the responsibility on the investor – you! - to know what to look for. Here are some guidelines:

- **Titles mean little.** Some of the most common titles advisors use — including the term "financial advisor" itself — aren't tied to any specific credentials. Don't assume that someone who uses an official-sounding title has specific training, credentials, or registration.
- **Know what kind of advice you need.** Identifying what you want from an advisor can go a long way in finding the right fit for you. For example, if you need help with managing your investments only, an investment advisor would likely suffice. If you needed comprehensive retirement planning, a Certified Financial Planner is likely the better choice.
- **Only work with a fiduciary.** Some financial advisors have a fiduciary duty to their clients, meaning they are obligated to act in their client's best interest rather than their own. We recommend that you always work with a licensed, registered fiduciary.
- **Understand how advisors are compensated.** Financial advisors are compensated in one of two basic ways: by earning flat fees or by earning commissions. A fee-only financial advisor is paid a set rate for the services they provide rather than getting paid by commission on the products they sell or trade. There are pros and cons to both but remember: the higher the fees, the lower the returns. We will look at this in more detail below.

Let's look at the different kinds of titles financial advisors use and what they mean. Always verify an advisor's registration through BrokerCheck by FINRA (the Financial Industry Regulatory Authority); visit www.brokercheck.finra.org.

1. **Investment Advisors.** While "investment adviser" is the legal term used by the SEC to denote a financial professional who must be registered, it is also used frequently as a job title — and is more commonly spelled "advisor." An investment advisor is a person or company who is paid for providing investment advice to clients. Investment advisors can also manage client assets directly.

2. **Broker-Dealers and Brokers**. A broker-dealer is an individual or company that buys and sells securities such as stocks, bonds and mutual funds. Broker-dealers can buy and sell on behalf of clients (in which case, they're acting as a broker), for their own account (as a dealer), or both. In addition to registering with the SEC, broker-dealers are also usually members of FINRA.

   The financial products a representative for a broker-dealer can sell depends on their licenses. For example, a broker-dealer who has passed the Series 6 exam is limited to selling mutual funds, variable annuities and related products. A Series 7 license allows the holder to sell additional securities.

3. **Certified Financial Planners (CFP).** Financial advisors who are CFPs have met the rigorous training and experience requirements of the CFP Board, have passed the certification exam and are held to high ethical standards. CFPs have a fiduciary duty to their clients.

   Financial planners can offer services that don't require regulation, such as guidance on how to pay down debt, plan for retirement or create a budget, but some are also investment advisors. Note that financial advisors often use the title "financial planner" without holding the CFP designation. If you're specifically looking for a CFP, be sure to check their credentials with the CFP Board; visit www.cfp.net/verify-a-cfp-professional.

4. **Financial Consultants.** Financial consultant is a general term that can be used by anyone. But some financial consultants hold a designation called a chartered financial consultant, or ChFC. Chartered financial consultants have completed similar education requirements to CFPs. ChFCs have a fiduciary duty and must adhere to The American College's code of ethics.

5. **Portfolio, Investment, and Asset Managers.** Whether the business card says portfolio manager, investment manager or asset manager, these professionals do exactly what it sounds like: They manage client investment portfolios. A portfolio manager or investment manager may deal strictly with a client's investment portfolio, but they might offer other financial services too.

6. **Wealth Advisors.** Wealth managers and wealth advisors typically work with very wealthy clients and offer holistic financial planning services as well as investment guidance. Wealth managers and advisors can often help their clients with every area of their financial life, including services like estate planning, tax help, charitable giving and even health insurance. Keep in mind, again, anyone can use this title, even if they aren't working with a single "wealthy" person.

7. **Robo-Advisors.** A robo-advisor is an inexpensive automated investment management service. Robo-advisors use computer algorithms to create and manage an investment portfolio based on your goals, for as little as 0.25% of your account balance per year. If you just want help managing your investments, a robo-advisor might be the right option for you. Not advisable if you want ongoing financial advice or comprehensive planning.

8. **Financial Coaches.** Financial coaches are often the most beginner-friendly financial professionals. Financial coaches focus on the basics of financial literacy, such as how to save money or reduce spending. Again, anyone can call themselves a coach, so it's important to check out their credentials.

How are financial advisors paid?

The basic compensation models for financial advisors are:

- Charging an hourly or a flat fee for the planning services they provide. Depending on the engagement, they may provide limited or comprehensive advice. Engagements may be one-time or ongoing.

- Charging a percentage based on assets under management (AUM)—say, 1% of the investment account value. The engagement may or may not include planning and/or other advice, which is usually secondary to money management.

- Earning commissions based on the sale of a product or a financial transaction, such as a stock trade. Advice or planning might be ancillary to the product sale (as with a stockbroker), or they might be a key part of services (as with a financial planner).

An advisor who only earns commissions—like a stockbroker—is held to a lower standard and does not have to make a “best-interest” recommendation, but rather one that is “suitable” for your needs.

- Getting compensated through a combination of flat fees, percentage of AUM, and/or commissions. The exact mix varies by the advisor. Also known as “fee-based,” this model allows advisors to offer clients a wider range of services as well as work with them to implement recommendations and monitor progress.

Many financial advisors are shifting to a fee-only compensation structure, where they receive the same flat fee for their planning services in lieu of traditional commissions or a percentage based on assets under management (AUM). The benefits of fee-only include transparency, no hidden charges, and no conflicts of interest to sell a certain product line or company offering. The downsides of fee-only advisors can include being more expensive or a limited scope of products and services offered. At the end of the day, you don’t want to pay too much for what you need and not be charged for what you don’t need.

It’s up to you to vet the financial advisor you choose.

If you elect to work with a traditional financial advisor, you’ll need to vet them. Referrals are a good place to start in finding a trusted advisor; however, even if your best friend refers you to their advisor, do your own homework. Besides, your needs may be different than your friend’s! Verify any credentials they claim to have and check to see if they’ve had any disciplinary problems (BrokerCheck by FINRA). Always meet with your top advisor picks in person and the following questions are important to ask:

1. What experience do you have working with people like me?
2. What professional licenses do you currently hold?
3. Are you a fiduciary?
4. Are you registered with FINRA, the SEC or a state securities regulator? If so, for how long and in what capacity?

5. Do you have any disciplinary actions, arbitration awards or customer complaints? If so, please explain them. Compare responses to information found in BrokerCheck and other third-party sources.

6. Do you or your firm have an overarching investment philosophy? What type of investment products and services do you offer? Are there any products or services you don't offer? Why?

7. What asset allocations will you use for my level of risk tolerance?

8. What investment benchmarks do you use? How do you measure success? What kind of returns should I expect?

9. Do you or your firm impose any minimum account balances on customers? If so, what are they? What happens if my portfolio falls below the minimum?

10. How do you get paid? Do you receive commissions on products I buy or sell? A percentage of the amount of my assets you manage? A flat fee? Any other method?

11. What other fees and expenses do you charge? What are my "all-in" costs?

12. Can you provide me with any customer references?

13. Are there conflicts of interest that we have not discussed? What are they and how do you resolve them?

14. How will our relationship work? How can I access you? How many times will we meet each year? What happens to me if something happens to you?

15. Can you help me with taxes and estate planning as well as with my investments?

You should expect, and get, straight answers to these questions. If an answer gets complicated, it's okay to say, "I don't understand. Can you please explain it so that I can?" The mark of an excellent advisor is one who can break down complicated concepts into information that you can understand. If an advisor's goal is to impress you with how smart they are by using jargon you don't understand, keep looking! Find an advisor who is patient and will take the time to educate you as you work together to reach your financial goals.