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Estate Planning Tips: 8 Ways To Help Your Spouse After You Die

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

It's vital to ask yourself that now and not wait until it's too late. Upon your death, your loved ones will be distracted by grief and myriad emotions. Your spouse in particular will also be burdened by the need to proceed with practicalities, ranging from your funeral to paying bills.

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

These steps will help your spouse know what regular expenses must be paid, where your financial accounts are, how to access them and, yes, who gets how much of any assets you leave behind.

The steps also include instructions for reaching folks like your lawyer, accountant, broker and insurance agent.

Estate Planning: 8 Tips
Think of these steps as the owner's manual for your life. It's also the owner's manual for life after you're gone. Here are eight estate planning steps you must take to make the future going easier for your spouse and other loved ones:

Keep key documents handy. Both you and your spouse know the secure, fireproof, waterproof place where you store key documents — deeds, insurance policies, passports, financial statements.
Don't overlook your birth certificate, marriage certificate, any divorce settlement and a copy of your driver's license. Also, list the locations of any safe deposit boxes and the whereabouts of keys. List their contents. In addition, enclose copies of the last seven years of income tax returns, says Kimberly Foss, founder and president of Empyrion Wealth Management, in Roseville, Calif.

In addition, store your net worth statement — it may include some assets that you forgot to list elsewhere — and a list of your workplace's employee benefits, especially those available to your survivor.

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

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

Identify household bills. Indicate the approximate amount for each, and how each bill gets paid — by check or by automatic withdrawal. If necessary, spell out which accounts you use to pay each bill.
Documents that provide vital information, but which you don't need originals of, can be scanned and stored electronically with cloud-based services such as dropbox.com and Google Drive.

Specify funeral wishes. Foss said, "This can be immeasurably helpful for bereaved spouses, helping them to avoid the need to make decisions when they are in an emotionally vulnerable state." Talk it through in advance, then put it in writing. "Many people pre-fund their funerals, which is an even greater comfort and benefit to the surviving spouse, both for financial reasons and for emotional reasons."

Make a living will and advance medical directive. If you become incapacitated, those documents tell health care providers and your loved ones what steps you want taken on your behalf, and which steps you don't want. Otherwise, your state may dictate what steps are taken, even if those clash with your wishes and your family's.
Create a will. You should keep the will somewhere other than a bank safe deposit box because in your state, your surviving spouse may not be permitted quick access to the box.
You've given your spouse a lineup of professionals she can call on — your lawyer, accountant and financial advisor.
Update beneficiary designations. Those designations are in wills, trusts, insurance policies, annuities and financial accounts.
Check your beneficiary designations from time to time, especially after major life events such as divorce and remarriage.

"This is a vital step, but it is one of the most commonly overlooked," said Dan Routh, wealth advisor at Exencial Wealth Advisors in Oklahoma City. "If you have remarried, you may not want your ex-spouse to remain as your beneficiary. And as your kids become adults, you may want to give more help to a kid who is not as (financially) successful as others. Or you may want to remove a kid who can't be trusted because of substance abuse."

Rather than name a troubled youngster as a beneficiary who receives assets outright, you may want to direct income to him through a trust without giving him control of the underlying assets.

Estate Planning: Stepped-Up Cost Basis

Position your spouse to benefit from stepped-up cost basis. You're most likely to want to do this if you have one or more assets that have increased a lot in value since you first bought them, says Len Hayduchok, CEO of Dedicated Financial Services in Hamilton, N.J. Stepped-up basis reduces the capital gain your spouse might eventually realize on an asset. That reduces his or her tax.

Here's how it works. Suppose you own stock in a nonretirement account, and the stock has climbed a lot in value. At your death, your spouse takes ownership. When that happens, your original cost basis is replaced by the stock's value on the day you die. That becomes your surviving spouse's cost basis.

That would save your surviving spouse a lot in capital gains when he or she eventually sells it.

One approach would be to stipulate in your will that your spouse becomes owner at your death, Hayduchok says. Or name your spouse the beneficiary of your brokerage accounts.

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