

## PLANNING FOR THE END OF LIFE

*“He planned every part of this service, including the speakers and music”*, observed the Officiant at a memorial service. Like this person, some individuals in anticipation of eventual death, leave detailed instructions about final arrangements. They pre-select a funeral director, decide on cremation or a ground burial and, if the latter, acquire a cemetery plot. They also express their wishes regarding any public memorial service and what elements it might include.

These individuals, who meticulously plan final arrangements, are also likely to have completed an estate plan including a will and possibly a living trust as well. They will have made sure that the beneficiary designations of life insurance and retirement funds are in accordance with the overall estate plan, confirmed that a surviving spouse and any dependents have adequate cash flow for their needs, and taken steps to reduce applicable taxes.

Another thing a careful planner will have done is provided an inventory of estate assets together with bank and brokerage account numbers, indicated where various documents and tax returns are kept, noted the location of safe deposit boxes, listed contact information for legal, tax, and financial advisors, and left passwords for accessing various Internet sites where important information is stored. Possibly, our planner will have written what is often called an “ethical will.” This is a personal letter to family and close friends stating guiding values and hopes for their future.

Unfortunately, many individuals do not engage in such detailed planning. Their estate plan may be incomplete, or woefully out of date, and they may have made no advance funeral arrangements or even addressed the subject orally or in writing. In that case, survivors, who are emotionally devastated, are confronted with an avalanche of tasks which they are ill equipped to perform. Furthermore, they may be saddled indefinitely with adverse financial consequences that could have been avoided by actions taken when the deceased was still alive. A common comment by a surviving spouse is, “I just wish we would have talked about these things and made some plans together.”

### WHY SPOUSES HESITATE TO PLAN

To engage in planning for the end of life is a reminder of our mortality. That is why almost all people – married or single – shrink from the task. If they are married they may also hesitate because the process raises difficult questions such as these: How much should each child receive? This can be a delicate question when there are children by previous marriages. Which child, if any, should serve as executor (also known as “personal administrator” or “estate trustee”)? Will there be trusts for the survivor that limit his or her control and access to capital? What will be the resting place of our remains? The answer is not obvious if they have frequently

moved or come from different parts of the country. Do you want to continue living here when I die? What should happen to our assets if the survivor remarries?

There may have been times in the past when such questions were raised and disagreements ensued, so the couple has since avoided treading through these minefields. Consequently, planning has been postponed. Nevertheless, it remains extremely important, and a thoughtful joint plan will not only preserve assets but relieve, to the extent possible, the concerns and anxieties that follow the death of a spouse.

## A PLANNING AGENDA

Below is a checklist of matters to be considered by spouses while both are living. The ones that you do not check can constitute your planning agenda.

### Matters Concerning Final Arrangements

- ☐ Have you already selected a funeral home and/or possibly made any pre-need arrangements with it?
- ☐ Have you noted whether you wish to donate organs?
- ☐ Have you indicated whether you wish cremation or a ground burial?
- ☐ If the latter, have you determined the location and acquired a cemetery plot?
- ☐ Have you provided instructions as to the type of memorial service you prefer, including content and participants?
- ☐ Have you listed the charitable organizations to which you want memorial gifts to be made?
- ☐ Have you compiled names and contact information of relatives and friends who should be notified of your passing?
- ☐ Have you prepared a written statement or video regarding your biography, values, and wishes?

### Matters Pertaining to Your Estate Plan

An estate plan could be defined as caring for yourself and your assets while living, and providing for the transfer of assets to other persons and entities, both during your lifetime and afterwards.

The parts of an estate plan that apply during your lifetime would include accumulations for retirement, investment of assets, strategies for gifts to individuals and charities, a durable power of attorney in case you are incapacitated, and a directive to physicians about treatment if you cannot speak for yourself. Those are very important, but this newsletter pertains to the parts of

the estate plan that are implemented at the end of your life, and which would have a major impact on a surviving spouse.

Here are some questions to check in order to determine whether items remain to be addressed:

- \_\_\_ Have you sat down with your spouse and reviewed all of your joint and separate assets, debts, recurring expenses, and the location of records and documents? This is especially important if you have been the one who handled financial affairs in your family. If not properly briefed, a surviving spouse who has left these matters to you may not know what to do when you are gone, and may be vulnerable to those who would take advantage of an inexperienced person.
- \_\_\_ Do you have an up-to-date will, or will and spousal trust?
- \_\_\_ Have you calculated the amount of income your spouse would need after your passing and will your estate plan provide this amount of income?
- \_\_\_ Have you reviewed all beneficiary forms for life insurance, retirement funds, bank and brokerage accounts to determine that they express current wishes and are integrated in your estate plan?

## IF YOU HAVE RECENTLY LOST A SPOUSE

Perhaps you lost a spouse within the past few months. If so, you will have already attended to the duties regarding the funeral/memorial period, and you are likely in the process of settling your spouse's estate and making decisions about various financial matters. If your loss is very recent, you could still be working with a funeral home, planning a memorial service, and notifying agencies and companies. This is the time when you are most in need of emotional support from family and friends, but loneliness may be most acute when family and friends have resumed their own routines. Another difficult time along the healing journey is when you muster the courage to go through your spouse's things to decide what to do with them and they trigger memories.

Following the settlement of your spouse's estate, or perhaps while it is still being settled, you will begin to make longer-range plans, including whether you will move. Give yourself some time before making these major life-style decisions. A common mistake grieving spouses make is making these decisions too quickly when they are influenced too heavily by emotions.

## THE TIMING OF CHARITABLE GIFTS

When spouses decide to make a legacy gift to a charity, such as ours, one question is when to make that gift. A common practice, when the surviving spouse will need all of the income from the couple's assets, is for each spouse to provide in his or her will that the charitable bequest will be effective only if there is no surviving spouse. In other words, the charitable bequest would be made at the second death. A somewhat similar arrangement is to name a surviving spouse as beneficiary of a retirement fund, such as a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF), but have the charity named as a contingent beneficiary if there is no surviving spouse.

A variation is for a testamentary spousal trust to be created pursuant to the will of the first-spouse-to-die. The trust would pay income to the surviving spouse for life, whereupon the remaining principal would be distributed to charity, or perhaps a portion would be distributed to charity and the balance to heirs.

If the deceased spouse made no provision for charity, then it is too late for the surviving spouse to make a legacy gift with that person's estate assets. The survivor would have to make any gift from assets s/he already owned or inherited from the deceased spouse. Thus, it is important for the couple to discuss and arrange charitable gifts while both are living in order to assure that the wishes of each are fulfilled. We would be pleased to discuss with you some options for arranging your legacy gifts. Some of the options could also save taxes and help provide for your financial security.