



Getting Organized...

A large number of clients have commented recently that they know they need to better organize their financial / tax / estate situation, but they don't know how or where to get started.

We suggest breaking the organization process into smaller, more manageable parts...

Step 1 - Simplify

It is not uncommon for a married couple to have a joint checking and a joint savings account. It is also not uncommon for each spouse to have their own separate checking or savings account for convenience purposes (often at different financial institutions near their work or vacation spot). In addition, each spouse may have one or more investment accounts, multiple retirement accounts from former employers, one or more SEP, SIMPLE, traditional or Roth IRAs, inherited accounts from parents and way too many credit cards.

Start by closing financial institution accounts, credit cards and lines of credit that you don't need and don't use. This is a simple step but is often overlooked. Consider consolidating the number of brokerage and retirement accounts each spouse has as well. Fewer accounts are easier to manage and will likely reduce paperwork needed at tax time. Imagine needing only two or three tax documents instead of ten or more! Financial and tax planning also becomes easier because there are fewer accounts to consider.

Having fewer accounts will make things less burdensome for your family after you pass away. Keep in mind that

each open account will have to be closed by your spouse or your heirs. Account closing procedures become complicated for heirs due to estate and trust rules, probate regulations and legal and identity theft protection procedures. Consolidate and simplify - for everyone's benefit.

If you are not married, the above considerations also apply to you - maybe even more so, since you do not have a spouse to help!

Step 2 - List Significant Assets

After you consolidate these accounts, make a complete list of all open accounts that remain and include contact information. Don't forget life insurance policies! List all vehicles, boats, personal residences, vacation homes, rental properties, etc., along with the name of the insurance carrier for each. Make sure all purchase documentation, titles and licenses are readily available. List other significant valuable items (artwork, jewelry, coins, collections, etc.) and their location.

Having a complete asset list available can help your attorney when you are ready to write or revise your will or trust. Beneficiary designations on all your accounts, as well as your will and other estate planning documents, should also be reviewed and updated. The availability of this paperwork will also make the administration of your estate easier for your heirs.

Step 3 - List Liabilities

"Auto-Pay" is convenient but can also be a trap! Imagine a situation where you are the person that normally pays the household bills. Now, because of an accident or extended medical issue, it becomes necessary for another

*(Step 3 – List Liabilities, continued)*

family member or friend to pay your bills. That person will have a much easier time of doing so if you have a current list of all...

- mortgages
- utilities
- real estate taxes
- cable / internet
- telephone bills
- insurance payments
- medical expenses
- credit card payments
- car payments, etc.

...and the approximate amount due each month.

Having a current list can also help guard against fraud. If the person paying your bills receives a “past due notice” from a company that is not on the list, there is a chance the bill is not real and should not be paid.

In the event of your passing, this list of liabilities will also likely be necessary to settle your estate.

Step 4 - List Medications

Although not financial or tax related, make a list of all medications you are taking. If you become injured or ill, or lose the ability to speak, you should have this list available at all times.

Step 5 - List Passwords

The convenience of online banking and cell phone apps cannot be understated, especially when you travel.

However, your family members will have a difficult time assisting you, if necessary, without a list of your passwords and usernames. Consider keeping your list of assets, liabilities and medications and a list of your current passwords and usernames (computers, laptops, phones, financial institution accounts, brokerage accounts, etc.) in a safe deposit box at your financial institution. Again, if you are injured or medically unable to manage your affairs, these lists will greatly assist your family.

Don't forget to include passwords to social media accounts, Netflix, Hulu, etc. Most streaming or media accounts automatically renew each month for a monthly subscription fee. These accounts should also be closed after your pass away to protect you and your family from identity fraud.

Step 6 - Scan If You Can

All the items listed above can be scanned onto a USB flash drive. Store the flash drive in a fireproof safe or a safe deposit box. Not only does this consolidate your important information in one place, but you can also reduce the amount of paper in your house.

Consider scanning tax returns, professional licenses, home and car title paperwork, copies of wills, trust and power of attorney documents, bank statements, brokerage statements, birth certificates, marriage licenses and any other items you want to keep in a safe place.

Please do not just save these items on your cell phone or laptop. Cell phones and laptops are easily hacked, lost, stolen, or damaged. If that happens, you may have to start all over again.