

5 Things to Do the Moment a Loved One Passes Away (20 Sep 2024)

You might not be thinking about the practical tasks that need to be accomplished as soon as possible, but these steps are critical to safeguard an estate and ensure that it is passed down as smoothly as possible. When a person passes away and his or her family members have dealt with their initial emotions, the real work begins.

If there is any bright side of someone dying, it's that their loved ones may be receiving money. But starting the process to receive these funds is not easy: Banks don't like the liability of transferring one person's money to another, creditors realize this is their last chance to be paid back, thieves lie in wait to abscond with easy pickings, and disbursed family members must be summoned.

If you know you are named as executor of the will, consider taking the following steps to ensure the named beneficiaries receive as much of the estate as possible. Remember that you do not need to be an immediate family member to take some of the following steps, since some family members could be estranged from the decedent and would not be the appropriate individuals to act on the estate's behalf.

1. Get Access to Home and Documents

Sometimes a decedent lived alone and was secretive about his or her finances. From tax returns and financial statements to jewelry and family heirlooms, the decedent's home is a treasure trove of information and a storeroom of valuable possessions. It is crucial you get access as soon as possible. But gaining admittance is not always easy, especially if you don't have keys to the premises. Don't expect a locksmith to take your word that you're a family member of the deceased homeowner whose house he is about to break into. If the decedent lived in an apartment, the building may not permit access until the court grants you authority to enter in the presence of a municipal employee. If the person was a renter, you likely need to find out who the landlord is and inform them of the death before access is permitted.

Once you get admittance, act smart and quickly: You may only have one visit to the home before the court will require formal proceedings for extended access. Collect tax records, credit cards, bank statements and expensive items of personal property. And if you did have success with using a locksmith, you may also want to change the door locks if there are items of value remaining in the premises.

Obtain a Letters Testamentary (normally through a lawyer) it, along with the will shows that the case has been probated and a judge has appointed a designated executor. NOTE: This document varies from state by state but they all have something similar.

2. Get Protection by Freezing All Financial Accounts

Assuming you have successfully collected some information and valuables, now you must safeguard it. Obituaries tend to give enough information about a deceased person to allow burglars the ability to break into their home or to steal mail, access credit card information, and the like.

Death certificates are **usually** available a few days after a person dies, and the first phone calls should be to all of the decedent's credit card companies and banks telling them to freeze the accounts, so no more money leaves them. Freezing these accounts will stop any automatic payments of the decedent's bills, which is fine: Creditors are required to wait to get paid until the estate is in probate and being administered to by the executor. Careful when freezing ALL credit card/banking automatic payments. This should be done on a case-by-case basis. There may be several payment types, autopayments, insurance, utilities etc. that if a payment is missed, service or benefits may be turned off. It also maybe an automatic termination or breach of contract that the estate loses out simply because a single payment was missed. It sounds cruel but other companies will be trying to save from paying out as quick as they can. **EVEN IF THEY ARE REQUIRED TO WAIT**, now is not the time to be fighting with them.

Go to the post office to have the decedent's mail forwarded to you. While this is sometimes a challenge to accomplish before you probate the will, a letter signed by your administering attorney stating your authority and intentions will typically suffice.

Contact the landlord and let him or her know when the apartment is now vacated. You may have to choose whether or not to turn off the gas and water coming to the house: While you do not want a gas leak going unnoticed in a vacant house, you also don't want the otherwise-heated water in the pipes to freeze and crack those pipes.

If the property is owned by the decedent, make sure it is insured. The residence may still have valuables inside, and the estate is still liable for any damage to neighboring real estate caused by the residence, such as water leaks or fires that started in the home.

Inventory property that you have removed. Make a list of the valuables you have collected, both to ensure everything of known value was safeguarded and to cover yourself if someone accuses you of running away with anything. Keep items of substantial value in your safe deposit box.

DO NOT cancel all credit cards or other reoccurring automatic payments

3. Get Informed on Taxes and Financial Statements

Contact the IRS to establish an Employer Identification Number (EIN). You'll use your EIN for federal tax reporting, and you may also need it for banking, state tax accounts, contracts, and business licenses. An EIN is also known as a federal employer identification number (FEIN) or federal tax identification number. In many ways, it's similar to a personal Social Security Number (SSN). This aids the executor, with business taken on behalf of the estate and NOT the executor. It creates a legal division regarding the executor and receipt of monetary funds. It is extremely important to do this ASAP. It is important that you have a completely separate account

from all other accounts, so that here is no question that funds going in and out of that EIN account. You don't want other account monies mixed within the EIN so that it cannot be questioned. It will normally be a short-term account approx. 1 or 2 years to settle all the accounts unless there are mandatory issues assigned such as a Childs trust fund or other designation on a case-by-case bases.

Between your search of the decedent's home and the forwarded mail you should now be receiving, you should be piecing together a proper financial picture of the estate's assets and liabilities. By this time, the credit card companies have typically asked for contact information for the executor or the estate's attorney.

It is hard to get a complete picture of an estate's total value before you are named as executor: You aren't legally entitled to access another person's financial information until the court grants you permission (which can take a few weeks or months), but looking at reported dividends on an income tax statement can help you estimate how much is actually available to collect in the future.

4. Get Interviews with Professionals

Unless you plan on doing all the legal work and preparing the estate's income tax returns, you will want to hire an attorney and an accountant. You may choose to clean out the house yourself, but you may prefer movers and professional cleaners to do the back-breaking labor.

Start interviewing quickly and differentiate between the decedent's professionals and your choice of professionals. You may want to work with the decedent's attorney or accountant, but don't have to. You will need to initially work with the existing financial planner, since the decedent's accounts are now frozen and can't be transferred until you are given court authorization. Ask how much each professional charges, confirm what services they will perform, and what their estimated timeframes are. You also need to know if they are experienced in estate matters: Many estates take agonizingly long to administer to because the attorney was inexperienced with probate and estate matters.

5. Get on the Same Page as Other Family Members

Only next-of-kin (i.e., the closest family members) are entitled to a notice of a person's passing and the ability to dispute an estate. It is important for them to agree what course of action they shall take with the estate.

Sometimes the named executors in the will are too old or too distant to effectively handle the estate's affairs; all family members must agree to the substitute executor. If the will states the decedent's personal property is to be distributed among family members, those family members should agree to the distribution to avoid conflict. And if the will specifically disinherits all family members, the next-of-kin should discuss whether they are OK being disinherited or wish to fight as a united force to attempt to overturn the will. Working together in probate matters saves an exponential amount of time and money; division and disarray can lead to huge legal fees, court

intervention (meaning immense increases in wait times), and “family divorces” where extended family members never speak again.

As a rule of thumb, probating an estate always takes more time and effort than initially anticipated. Going into the process prepared with proper knowledge and procedures should make the experience less taxing, and keep family relations harmonious.