

Organizing All Your Financial Information Now Makes it Easier to Access After Death

By Ken Bloom, J.D., LLM

It's a scenario I see all the time. One spouse seems to be in charge of the family's financial affairs, and the other spouse is only involved on the surface. Then, when the financially aware spouse passes away, the widow or widower is lost regarding insurances, investments, and other critical financial matters. If you are a widow, widower, divorced or single, your heirs also will have a hard time trying to find all your financial information in the event you pass away and haven't documented everything.

Unfortunately, for many people, their knowledge of financial matters revolves around the checkbook and credit cards. But if you stop to think about it, there are many more financial details that people need to be aware of to help manage their money. Here are some tips everyone should follow to enhance your knowledge of financial affairs no matter what your situation is and to make it easier on your loved ones if you become incapacitated or die:

Organize All Your Important Financial and Personal Documents So They Are Easy to Access - The first place to start is by gathering all your important financial documents and keeping them easily accessible in the event you need them. Among the most important financial documents are your recent tax returns because they are the central point for some key information, including your spouse's social security number, W-2 form, and 1099 statements from your bank accounts, mortgage statement, investment accounts and retirement plans. You should also gather other key financial documents such as insurance policies and credit card accounts.

You should then gather all your family's other important documents, list them and secure them in a safe place. These should include such things as marriage licenses, wills, trusts, car titles, deeds, stock certificates or bonds, insurance policies, medical powers of attorney, birth and death certificates and other legal documents.

Inventory Other Important Items in Your Home - You should also inventory all the items in your home that have both sentimental and collectible value, such as photos, family jewelry or heirlooms, antiques, musical instruments, art, stamps and coins. Documenting these items on a video, along with their location, would also be a good idea to assist a surviving spouse or other family member in locating the item and determining its potential sentimental or monetary value.

Keep Documents in Fire-Proof Safe or Safe-Deposit Box - Obviously, it is wise to keep all this information and documents in a fire-resistant home safe or a safe-deposit box. Keeping financial information only in a file on a computer is always risky, because the computer could crash and you could lose all the information. For important documents, you should scan them into your computer and then copy them onto a CD and save in fire-proof box or safe deposit box. This provides you with a back-up in case any documents are lost or damaged.

Develop List of Key Financial, Legal Contacts - You should also develop a list of names and phone numbers of your attorney, accountant, investment advisor, banker, insurance agent, and other important individuals who your family may need to contact if you pass away. Because many people have numerous bank or credit union accounts, you should list the name bank or credit union where you have accounts and each individual account numbers.

Make Sure You Know all the Passwords to Access Financial Information and Other Online Accounts - If you are also using online banking and online access for financial accounts, you need to keep all your user name and passwords on file in a secure place so your family can log in and manage the accounts in the event you become incapacitated.

But today, online passwords go beyond just financial accounts, and can include email, social media like Facebook, Instagram or Twitter, smartphones, computers and tablets, shopping accounts like EBay or Amazon and online computer back-up and photo storage accounts like iCloud.

As you can see, the list of log-in passwords and accounts can be daunting to remember. To make sure your spouse or family member can gain access to your accounts in the event they don't have your passwords, we make sure our clients sign a "Consent and Authorization to Access Digital Assets (Including Content)" form. This allows you to give authorization to a friend or family member to access your online digital accounts to copy, distribute, deactivate and delete any of your digital assets.

While following these tips for improving your financial knowledge does take a lot of time and effort, the end result is that you will be more organized in the event your spouse passes away if you are married and make it easier on your heirs in the event you become incapacitated or pass away.

Ken Bloom is an attorney and tax expert and a partner in Bloom, Bloom & Associates and Bloom Asset Management in Farmington Hills. For more information, visit his website at www.bloomlawfirm.com.