

WHAT ISSUES SHOULD I CONSIDER IF MY PARENT PASSED AWAY?

CASH FLOW ISSUES

Was your parent married when he/she passed away?

If so, consider the following:

- If your parent was receiving Social Security, their surviving spouse may be eligible for survivor benefits.

Was your parent over the age of 72 or were they taking an RMD (from an inherited IRA) at the time of their death?

If so, the heirs may have to take the remaining RMD amount before the end of the year.

Was your parent receiving a pension?

If so, payments may stop or if your parent was married, be adjusted for survivor benefits.

ESTATE SETTLEMENT ISSUES

Do any accounts require ownership of the account to be updated?

Will any beneficiary be inheriting any of your parent's assets and have more assets than they need to maintain their lifestyle?

If so, and acceptable contingent beneficiaries have been named, they may wish to disclaim these assets to shift them to other beneficiaries. This must be done within 9-months of the date of death.

ESTATE SETTLEMENT ISSUES (CONTINUED)

Will your parent's estate exceed \$11.4 million or, if your parent was married, will the combined estate exceed \$22.8 million?

If so, consider the following:

- Your parent's estate may have a federal estate tax liability due.
- Proceeds from a life insurance policy owned by the deceased and values of retirement accounts are included in the gross estate.
- If your parent was married, to maintain portability of unused exemption, the estate must file IRS 706 no later than 2 years after the date of death.

If there is an estate tax liability, do you expect the value of the assets to decline over the next six months?

If so, consider electing the alternate estate valuation by filing IRS Form 706 within one year of the due date.

Could there be property and assets not yet identified?

If so, consider the following:

- Look at the "points" feature on credit cards & "miles" with airlines to see if they are transferable.
- Check for safety deposit boxes but be sure to follow probate rules before opening.
- Search state agencies and unclaimed property sites that are run by many state treasurers.

Do you expect to inherit any assets from your parent or was your parent included on your own estate plan?

If so, consider updating your own estate plan.

Are there digital assets that should be preserved?

INSURANCE ISSUES

Was your parent employed at time of death?

The employer and union may provide group life insurance and/or compensation related to their employment.

Was the death accidental or work related?

If so, consider the following:

- Some financial institutions and professional associations may offer a small lump-sum benefit.
- The employer/union may offer additional death benefits
- If your parent was married, the spouse may be eligible for worker's compensation and/or death benefits.
- Some life insurance policies have an "accidental death" provision for higher benefits.

Was your parent a veteran?

If so, there may be a death & burial benefits, survivor pension and other benefits.

Did your parent have a child under age 18 or a child permanently disabled?

If so, your parent's spouse and/or the child may be eligible for Social Security benefits.

Could there be any life insurance owned by your parent that has not been identified or claimed?

TAX ISSUES

Did your parent own a home?

If so, the primary residence can be sold within the first two years after your parent's death and the \$500,000 capital gains exclusion will still be available to the surviving spouse.

Did your parent own other property jointly, such as an investment account?

If so, the joint owner may receive a step-up in basis.

Have all your parent's prior income taxes been paid (not including any estate taxes)?

Contact the IRS and the state's taxing authority to pay any taxes or to check if any back taxes are due.

Did your parent file as Married Filing Jointly?

If so, the surviving spouse can continue to file as MFJ in the year your parent passed away.

Was your parent married and did they have a dependent child?

If so, your parent's spouse may be able to use the Qualifying Widow(er) tax filing status for the two years following the year your parent passed away.

INVESTMENT & ASSET ISSUES

Does your parent have stock options, grants or restricted stock units (RSUs)?

If so, consider the following:

- Check employer plan documents to understand what will happen with stock awards at death.
- Beneficiaries should be aware of potential tax ramifications of accelerated stock vesting.

Has the change in circumstances altered investment objectives or risk tolerance for family members inheriting assets?

Was your parent married and did they have carry-forward investment losses?

If so, consider having the surviving spouse realize investment gains in the year of death. Carry forward losses are lost in the year of death.

Does your parent own an annuity?

If so, consider the following:

- Your parent's spouse (if applicable) may be able to inherit a non-qualified annuity as they own if they were listed as beneficiary on the policy.
- A non-spouse beneficiary will have to take required distributions from a non-qualified annuity.
- Non-qualified annuities do not receive a step up in basis, so be aware of potential tax ramifications with distributions.

OTHER ISSUES

Do you need to reduce the threat of identity theft?

If so, cancel your parent's email accounts, cancel social media accounts, notify credit bureaus, cancel driver's license, notify election board.

Are there any state specific issues that should be considered (including out-of-state property or estate tax liability)?