



What to do When a Person Dies by Lynn Keeling, Esq.



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602-710-2233 Voice
602-467-3289 Fax
Info@keelinglaw.org

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3411 N. 5th Avenue, Suite 303
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Upon the death of anyone, many decisions need to be made and actions must be taken in the first few months after death. This guide provides information that will help you through this difficult time whether you are a friend or family.

COLLECTING THE PAPERS

The first step is to collect the necessary papers to file for various benefits and finalize the estate.

Inventory all personal property, bank accounts (it is okay to give away clothing), and change the address of decedent (forward it to you).

The Death Certificate

Many of the offices or agencies you contact will request copies of the death certificate. You can buy certified copies of the death certificate through your funeral director or directly from the county health department. There is usually a charge of a few dollars per certificate. It is worth paying the money for the certified copies, since many companies require it.

Any Insurance Policies

You will probably find copies of life, health, home mortgage, accident, and other insurance policies in a safe deposit box or with the deceased personal belongings. Any of these insurance policies could be sources of possible benefits. Collect all papers and secure them.

Get Social Security Numbers

You need the Social Security numbers of the decedent and any dependent children.

Military Discharge Papers

You will need a copy of a certificate of honorable (or other than dishonorable) discharge (DD214) if the deceased was a veteran. If you cannot find a copy of the discharge, write to:

*The Department of Defense
National Personnel Record Center
9700 Page Boulevard
St. Louis, MO 63132*



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Marriage Certificate

If you are going to apply for benefits based on a marital relationship or partnership, you will need copies of your marriage certificate and evidence of the partnership. Copies are available at the office of the County Clerk where the marriage license was issued, and the partnership depends upon the jurisdiction.

List Of Assets

A complete list of all of the deceased person's property, including real estate, stocks, bonds, savings accounts, and personal property, will be needed. Land titles, stocks certificates, and other financial papers may be stored in a safe deposit box or other secure place. Personal property may group clothes, kitchen items (dishes and pans), paintings, art work, tools, any collections (clocks, watches or whatever).

SURVIVOR BENEFITS

The next step is to contact various sources of benefits and to make necessary choices about payments.

Insurance

Contact any insurers that may have issued policies to your spouse. Your spouse may have had several types of insurance policies, including the following:

- Life insurance,
- Medical if necessary,
- Mortgage or loan insurance,
- Accident insurance,
- Auto insurance,
- Credit Unions often have a \$1,000.00 death benefit which will not be documented or paid for by the decedent,
- Credit card insurance, and
- Any other insurance provided by your spouse's employer.

The proceeds from an insurance policy can generally be paid directly to the named beneficiary. These claims can be processed quickly and are an important source of income for the survivors.

You may be required to decide on a payment plan. Options might include taking the money in a lump-sum, or having the insurance company make fixed payments over a period of time. Which payment option to choose depends on your financial situation. You may, for example, want smaller fixed payments in order to have a steady income. Or you may want the full amount



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immediately to pay bills or to invest. It is recommended that you consult with a financial advisor about this decision.

Do not succumb to pressure from an insurer to accept one plan or another. Take your time and make the right decision.

Social Security

A decedent is considered covered by Social Security if he or she paid in to Social Security for at least 40 quarters. Check with your local Social Security office or call 800-772-1213 to determine if he or she was eligible.

If the decedent was eligible, there are two additional types of possible benefits: (1) a death benefit and (2) survivor's benefits.

- *One-Time Death Benefit.* Social Security pays a one-time death benefit toward burial expenses. Complete the necessary form at your local Social Security office or ask the funeral director to complete the application and apply the payment directly to the funeral bill. This payment is made only to eligible spouses or to a child entitled to survivor's benefits.
- *Survivor's Benefits for a Spouse or Children.* If you are age 60 or older, you may be eligible for survivor's benefits. The amount of any benefits for which you will be eligible before age 65 will be less than any benefits due at age 65 or over. If you are under age 60, you may also be eligible for benefits if:
 - You are a disabled widow, age 50 or older,
 - You care for dependent children under 16 or disabled children.

TIP: When applying for Social Security benefits, have available your spouse's birth and death certificates, your marriage certificate, birth certificates of any dependent children, Social Security numbers, and copies of your spouse's most recent federal income tax return.

VETERANS' BENEFITS

If decedent was a veteran who received a discharge other than dishonorable, you may be eligible to receive a lump-sum payment of \$300 for burial expenses and an allowance of \$150 toward a plot in a private cemetery (burial in a national cemetery is free to a veteran, his or her spouse, and dependent children). Veterans are also eligible for a headstone or grave marker at no charge.



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The funeral director can help you apply for these benefits or you can contact the regional Department of Veterans' Affairs (VA) office.

If decedent was receiving disability benefits, you and any dependent children may also be entitled to monthly payments. Check with your regional VA office.

EMPLOYEE BENEFITS

If decedent was employed at the time of death, ask his or her employer about any survivors' benefits. Decedent may also be due a paycheck for vacation or sick leave. If the employer provided life, health, or accident insurance, you may be entitled to receive payments under these policies. If decedent belonged to a union or professional organization, find out if this organization offers death benefits for members. If the death was work-related, you may be entitled to worker's compensation benefits.

Contact all past employers, including federal, state, or local governments, to determine whether you are entitled to any payments from a pension plan.

If decedent was already retired and was receiving a pension, check with the employer to determine if you will continue to receive a pension payment, and in what amount. You should get professional guidance as to when and how to take any retirement plan distributions due your spouse or you.

TAXES

There are various taxes that will have to be paid. Here is a summary.

- *Federal Estate Tax.* Estate tax is generally only due on estates exceeding the unified credit exemption equivalent, which for for 2009 is \$3,500,000 (with a scheduled repeal thereafter).
- *State Death Taxes.* State laws vary, but generally any estate which pays a federal estate tax must also file a state estate or death tax form and pay the state death tax. This amount is paid by the estate to the state in which the deceased lived.
- *State Inheritance Taxes.* Again, state requirements vary. Most states charge no inheritance tax.
- *Federal and State Income Taxes.* The federal and state income taxes of the deceased are due for the year of death. The taxes are due on the normal filing date of the following year, unless an extension is requested.
- Even if the decedent was not subject to income tax, it is a good idea to file a tax return (federal and state) for the year of the death. After three years, the survivors have no liability to the government. It is a risk management return.



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CHANGING OWNERSHIP OR TITLE

You may need to transfer ownership or change title of property or revise documents after a death. Here are some items that should be checked:

Insurance Policies

If you hold any insurance policies, you may have to change beneficiaries. You may decide that you no longer need to have the same coverage if you do not have dependents, especially in the case of life insurance policies. Auto insurance and home insurance may also need revision.

The deceased may have medical insurance coverage through work. Under a federal law called COBRA, a spouse and partner with any dependent children may be entitled to continue under your spouse's work-related medical insurance plan for up to 36 months, provided you pay the premiums. On the other hand, you may need to purchase your own medical insurance.

TIP: Check with the employer to see if you can continue with its group health insurance plan, which may be less expensive. Contact the company issuing the policy to make any changes or for more information.

Automobiles

The title of the car owned by the deceased may need to be changed. Contact your state's Department of Motor Vehicles.

Bank Accounts, Stocks, Bonds

If you had a joint bank account with decedent, it will automatically pass to you. Check with the bank about changing the title and signature card on the account. To change stocks or bond titles, check with your stockbroker.

If a bank account was held only in the name of the decedent, those assets will have to go through probate. An exception to this would be trust accounts.

Safe Deposit Box

In most states, if the box was rented only in the name of decedent, it will require a court order to open the box (probate). Only the will or any other materials pertaining to the death can be removed before the will has been probated.



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Credit Cards

Credit cards held exclusively in the name of decedent should be canceled. Any payments due on these credit cards should NOT be paid by the estate, until all other bills are paid. The priority by statute is last illness, attorney, personal representative or trust administrator, any secured property and finally credit cards.

If you shared credit cards or decedent used cards listed only in your name, then pay these before credit cards in decedent's name. If so, make the payments due on these cards to keep your own good credit rating. Notify the credit card companies about decedent and remove decedent's name. Some people, particularly widows/partners, may experience difficulties in getting a new card if they do not have their own credit rating.

General Finances

Debts owed by the decedent will be the responsibility of the estate and should be forwarded to the personal representative or executor who is settling the estate. However, you should pay debts if jointly owed, particularly mortgage payments and utility or phone bills, in order to keep a good credit rating.

CAUTION: Do not immediately make permanent significant financial decisions, such as selling your home, moving or changing jobs. You will need some time to consider your situation before you can make these decisions responsibly. If at all possible, do not rush into a decision you might later regret.

Failing to name beneficiaries on your IRA (or consigning it to your estate) may limit your heirs ability to maintain tax-advantaged growth over their lifetime (via a stretch IRA). Without a beneficiary, your IRA money will go through probate, and your family (excluding spouses, including parents and siblings) may be required to withdraw the money within five years. Most beneficiaries don't even wait that long: They take hold of the entire IRA at once. Doing so not only incurs an immediate tax bill, but also subjects all subsequent earnings and capital gains to income taxes. On a \$100,000 inheritance earning \$5,000 a year, anyone in the 25% tax bracket just bought themselves an annual tax bill of \$1,250.

- Automobile registration and insurance
- Work related associates
- Insurance policies



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- Banks and Credit Unions
- Utility bills
- Credit cards and Loan Companies
- Organization and Church Memberships
- Landlord or Mortgage Company
- Coins
- Update the safe deposit box
- Contact Telephone Company if you want the listing changed (recommend females use initials)
- Answering machine or answering service may be changed.

By law, a creditor cannot automatically close a joint account or change the terms because of the death of a joint owner. Generally, the creditor may ask the survivor to file a new credit application in his or her own name. After reviewing the new information, the creditor will then decide to continue to extend credit or alter the credit limit. You might want to open a new credit account in your name. In doing so, keep in mind that you must use your name only when applying. Including the deceased name will result in a joint account. Finally, to limit the fraud risk posed by pre-approved credit cards in your deceased spouse's name, call **1-888-567-8688** to opt out the deceased's name from lists for pre-approved offers from all three major credit bureaus.



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