

ARKANSAS BAPTIST
Foundation 



A SURVIVOR'S GUIDE:
What To Do When a Loved One Dies

A SURVIVOR'S GUIDE: What to do when a loved one dies?

SCOPE

The purpose of the following information is not intended to be an exhaustive list of responsibilities, but instead a guide to assist individuals in knowing some of the steps involved in dealing with a loved one's death. This document will assume that (1) your loved one died, (2) you are the executor or trustee, and/or (3) you are a beneficiary. Your situation may be different from this, but the below will be applicable in most situations. Check boxes are provided so you can mark off items that have been completed or do not apply to your situation.

INTRODUCTION

By the time you read this, you may have already settled (perhaps with the assistance of other family members or friends) some of the items below. The shock of death is very powerful and can devastate the most stable individuals. Our hope is that this document will guide you through this painful process.

EMOTIONS

It is good to know the emotions that usually follow a close death. We may think we are experiencing something abnormal, when, in fact, the emotions we face are normal. Based upon several studies, psychologists tell us there are usually multiple stages we "endure"—Denial - we can't believe that this has really happened, Anger—we are angry at the decedent, health care workers, the hospital, or even God, Depression, and Acceptance. Remember these feelings are normal and these stages are not always apparent or in the same order. *It is important to know that you are very vulnerable after the loss of a loved one.* For that reason, a wise counselor will tell you not to make major decisions during this time and give yourself some time to grieve.

WHAT NOT TO DO

Before we begin, here are some suggestions of things you should avoid. First, don't make any major changes until you are absolutely ready. There is an old rule of thumb that says: "Wait a year." The reason for this is not that you work through your emotions in exactly one year, but this time allows you to work through the various holidays for the first time as well as birthdays and anniversaries. It is simply a reminder to give yourself some time before making major changes in your life. Instead, surround yourself with trusted family, friends, and advisors who have your best interests at heart.

IMMEDIATELY

There are some things that have to be done quickly. Again, you may have already taken care of these items by the time you read this. A funeral will have to be planned. The funeral director and others will assist you in that process. Your loved one may have planned well and pre-arranged some of the items for you to relieve you of that responsibility.

In writing the obituary, you will have to decide if you wish to add comments about contributions, i.e., made to the church or a favorite charity in lieu of flowers. It is best to include the mailing address of any charity that you name. Additionally, it is a good idea to inform the church or charity they were named as the memorial gift recipient.

The one thing that is a little difficult at the time is deciding how many death certificates will be needed in the future. You can obtain more later, but they will be a little more expensive. It is good to order what is needed with the funeral director. You will need a certified copy for each of the following:

probate court if required, financial accounts at banks and brokerage firms, insurance and annuity policies, retirement accounts, business ownership interests, etc. A few of these may accept a copy of the death certificate. Always ask if they require a certified copy or if a copy of the certified copy will suffice. Total up all the possibilities and then add another 2 or 3 more for items you might not remember. Most people need at least 5 copies depending on the number of accounts and policies the decedent had.

Hopefully, the funeral home won't insist upon immediate payments which can be fairly expensive. Even if there was a pre-paid funeral, there will still be some expenses including the casket spray, opening and closing the grave, and other such items that may not have been covered in the pre-payment. It may be that the funds to pay this bill are "locked up" until you can start the probate process, or receive life insurance proceeds after submitting a claim.

EARLY ON

- Keep **good notes** on everything you do, including the date, person with whom you talked, what was promised, etc. These notes may serve to be very useful later in handling various matters, especially if you have problems.
- Make sure that all **assets owned by your loved one are as secure as possible**. It would be helpful to make a video or to photograph all assets owned by your loved one. This step may be very helpful later in filing insurance claims or in establishing estate tax valuations. For most of you, all of the furniture, cars, and other items of personal property will belong to you now. You might want to have the pictures or recording of all such items for your own potential insurance claims in the future.
- Business Leadership** – If your loved one was operating a business or in a profession where others are depending on certain tasks being accomplished, you may have to act quickly to ensure the business remains open as needed or that someone else knows to accomplish the tasks. You could be facing major issues like meeting a payroll deadline or closing a major real estate transaction. Hopefully, you will have family or trusted advisors to help you if this is the case.
- Contact **Social Security** Administration ("SS"). The funeral home may have already alerted them but call them at 1-800-772-1213 or on-line at www.ssa.gov/benefits/survivors. If you are a surviving spouse, you can usually elect to receive your spouse's SS payments or your payments (depending on your age and previous income levels) – whichever is greater. If you are the surviving spouse and have unmarried children under age 19, you may also be entitled to dependent benefits. You may also receive a small one-time death benefit if you were married to the decedent and qualify. As soon as SS is aware of the death, they will stop the monthly distributions to the decedent (usually by electronic transfer). If your loved one died toward the end of the month, it may be the SS payment for the next month will be deposited before the process can be stopped. In that case, SS will withdraw that money as soon as they are notified.
- Contact your loved one's **employer** and/or former employer. You may need to speak with the Human Resources or Benefits Plan Administrator about accrued salary, bonuses, commissions, sick leave, vacation, deferred compensation, life insurance benefits, defined contribution or defined benefit retirement plans, etc. Also, if you had health insurance through your spouse's employer, check into the availability of future coverage and decide if you want to continue coverage. You want to make sure that you have adequate health insurance coverage.

- If your loved one served in the **military and you are the surviving spouse**, you may be entitled to benefits, including a military pension, a bronze footstone, a flag for the casket, a death benefit, and/or funeral/burial assistance. Contact the U. S. Department of Veteran Affairs at 1-800-827-1000 to get benefits statements in writing. If your spouse was retired from the military, contact the Defense Finance and Accounting Service Casualty Assistance Line to report the death and check for any survivor annuity. The funeral home will assist you with part of this process.
- Locate **insurance policies** and call each company for a copy of their claim form so that you can make a claim when you receive the death certificates. These may be available on-line.
- This document is written with the assumption that you do not need any **post-mortem planning**, i.e., you do not have major tax issues or planning issues. For example, you may want to disclaim something that you were given by your spouse so that it can go to your children in a more tax-advantaged way. If this is the case, be sure to consult with your estate planning attorney and/or tax advisor before you proceed with some of the items below. In order to disclaim a gift, you have to do so in writing within 9 months of the death BEFORE you have received any benefit. For example, if you were the beneficiary of your spouse's IRA and the children or charities were the alternate beneficiaries, and if you didn't need or want the IRA and it might be better for tax or other reasons to have them inherit it, then you could disclaim it through a qualified disclaimer. You would be treated as if you predeceased your spouse so that it would go to the alternate beneficiaries. Remember that if you receive any benefit (i.e., withdrawing money from the account), then it is too late for post-mortem planning.

SOON THEREAFTER

- Tax Returns.** You will want to make sure that the tax return for the deceased loved one has been filed. If you are a spouse, you can file for the year of death as Married Filing Jointly (as if he or she lived the entire year). Hopefully, you have a tax professional who will assist you in accomplishing this task at the correct time.
- Assuming that you are the executor and/or trustee, you may have several tax returns to file in future months:
 1. **The Final 1040** for the year of death due by April 15th of the year following death. Again, if you are married, you will most likely file as if your spouse lived the entire year. Let's suppose that your spouse died in January. By April 15, you will have to file your joint tax return for last year. You can file for an automatic extension if the death has put you in a bind. By April 15 of the year following death, you will file the joint tax return for the year of death and the IRS treats your spouse as if he had lived all year. *If the decedent was single, then he or she may have not received enough income in the year (especially if they die early in the year) to be required to file.*
 2. **A Form 1041** and a state fiduciary for each year that you have the "estate" open. This gets a little complicated and you may need a tax professional to help you with this. This may be done on a calendar-year basis or on a fiscal year. What you need to understand is there is a new taxpayer at death – the estate of the decedent. If the estate earns money, then it will be required to file a tax return for federal and state purposes. With a spouse, often this is not required because everything may be jointly held and the tax liability will flow to the surviving spouse. There are also occasions with a single person where distributions can be made quickly enough (due to known bills and a revocable living trust) where all the income can be shown to the beneficiaries.
 3. **A Form 706** estate tax return if the decedent is required to file such. Currently, the exemption equivalent is \$11.7 million for 2021 and is indexed for inflation. Therefore, you need to know

if your loved one had ownership of more than the current exemption amount (include also previous taxable gifts that he/she had given away). If so, then you must file the form even if you, the married spouse, receive it all. In other words, there may be no tax due, but the form may be required. The form is due within nine months of the day of death. As with income tax, you can easily obtain an extension, but the tax that is owed would need to be paid within nine months to avoid a penalty. This filing will also help you in establishing a new higher basis in assets owned by your spouse. At death, most assets owned by the decedent (exceptions are non-ROTH retirement accounts, U. S. Savings bonds, and a few other things) are stepped-up in basis on the day of death. This can save you and your family capital gains taxes later when those assets are sold.

- Make an inventory of everything your loved one **OWNED**, list each asset and how it was titled. If jointly owned with someone else in an “or” account at a bank (e.g., John Doe or Mary Smith), then list the portion that is related to your loved one’s contribution to the account. If jointly owned with someone else in an “and” account, e.g., real estate, then list the portion of the value owned by your loved one.] List business interests, retirement accounts, life insurance policies, vehicles, etc. – everything that was owned by your loved one. Some of these assets may require a qualified appraisal. The appraisal may become very important, not only for potential estate tax valuations but to establish the new income tax cost basis (which is “stepped-up” at death for the portion that belonged to your spouse). Total up the values and see if you will be required to file the Form 706 estate tax return.
- Make an inventory of everything your loved one **OWED** including mortgage lenders, credit card companies, auto lenders, etc. Contact each one and have them remove your loved one’s name. Each company will likely request a copy of the death certificate. Also ask them if there were any death benefits. In other words, you may have signed up for payment protection which would guarantee that payments are made for a period of time after a death. Clarify which debts are actually owed by the estate of your spouse.
- Go back now and clarify exactly how each asset on the **inventory was titled** in order to determine whether a probate process is required. Here are basic possibilities:
 - Individually owned – this will go through probate court unless . . .
 - There was a POD or TOD (payable on death or transfer on death) designation made to a living person or charity.
 - There was a named living beneficiary or charity – most life insurance policies and retirement accounts will have named beneficiaries.
 - Jointly owned with rights of survivorship – this will pass to the survivors assuming they are still alive.
 - Joint Tenancy in common – this will go through probate court.
 - Revocable Trust – these assets will be distributed according to the trust document without probate intervention IF the assets are actually titled to the trust name.
- Probate – It may very well be that you do not need to go through the probate court to transfer assets. However, if you do, then you will need to employ an attorney to help you in that process. It is recommended that you consult with an attorney who does probate work. Ask him/her how much they would charge you per hour. We recommend you employ them on an hourly basis rather than for the statutory fee. Normally, you will come out much better if you do. The court will set an upper limit on what the attorney can charge. The attorney will need to work you through the probate process (if you have assets that need to be probated) as follows:

- Filing a petition with the original will which asks the court to appoint you (assuming you are the named executor) as personal representative. This needs to be done as soon as reasonably possible. You will be given a statement that you are the executor or personal representative called “Letters Testamentary.”
 - Obtaining a Tax Identification Number for the Estate from the IRS.
 - Filing creditor notices (and usually waiting 6 months to cut off creditors).
 - Maintaining an account of all activity of the estate.
 - Managing estate property under court supervision including paying bills and debts, making investment choices, managing business interests, maintaining adequate insurance coverage, etc.
 - After bills are paid and the time has expired for any new bills or lawsuits, then making distributions according to the will’s instructions.
 - Asking the court to relieve you of the responsibility as executor.
 - You will pay the attorney to guide you through all these steps and to tell you when to make the appropriate distributions.
- Trust Assets – If assets are owned by a trust, the administration of the trust may require several steps to satisfy the requirements of the trust language and the Arkansas Trust Code. If you have a revocable trust where everything simply passes to the survivor at the first death, then your situation may be fairly easy. You may need to change the social security number on the various trust accounts. If the trust, however, establishes two or more trusts at the first death, then you may need to read carefully (and possibly have tax and legal advisors to help you) in order to understand what steps are necessary. If you are a child or other non-spouse trustee and the revocable trust became irrevocable at the death of your loved one, then you may have legal notices to give beneficiaries and other such requirements. Trusts can be very helpful planning tools, but there are so many variations that attention may need to be given to your particular situation by someone who understands trusts.

ALSO TO DO

- Once you have received death certificates, provide a copy to each **bank and brokerage firm** where the decedent’s name is on an account. Some may require an original certified copy, but some will take a copy.
- If you are the joint owner or the account is in a joint revocable trust, then ask for the decedent’s name to be removed and for your social security number to be used as the tax identification number for the account (if not already). An exception might be the account where retirement income might be automatically deposited. You will want to keep both names on the account until you are sure that everything is being issued in your name. Also, any tax refunds will be issued in both names, and so it may be helpful to have both names on the account. The bank should allow you, however, to change the tax identification number to your social security number for tax reporting purposes.
 - If the account has a POD/TOD designation to someone else, then inform the beneficiaries they will need to collect the assets for themselves. Of course, you may be the sole beneficiary. Usually, each beneficiary will need a copy of the death certificate. However, each financial custodian can have different requirements.
 - If the account was owned solely by the decedent, then use the Letters Testamentary obtained from the Probate Court to transfer the account(s) into a new account in the name of “Estate

of John Doe” with a new tax identification number which you will have to obtain from the IRS. (Your accountant or your lawyer can obtain this for you.) Be careful to use this account only for legitimate deposits and debts of the estate and maintain careful accounting of all transactions.

- Be sure to ask each financial custodian if there was any insurance associated with the account. Your loved one may have mortgage insurance or an accidental death policy (common with credit unions and some banks).
- File the appropriate paperwork for each **insurance policy**. Hopefully, by now you have received the necessary form from each company. They will need that form along with a certified death certificate. The insurance company will offer you several options. They do not want to give up the money, and so they will sometimes offer you a very attractive money market account until you decide what to do with the money. Unless you have a better account somewhere else, that may be worth considering in the short term. Eventually, you will want to pull the money out to pay bills, pay off the mortgage, invest for income or growth, etc. Of course, this assumes you are the beneficiary. If the “estate” is the beneficiary, then you will collect the money as executor and deposit it into the account you established above in the name of the estate until distributions are finally made.
- Contact the **Department of Finance and Administration** to cancel your loved one’s driver’s license and change titles on any vehicles into your name or the name dictated by your spouse’s will. If the vehicle title has your name with “and” or “or” the decedent’s name, then you can wait until you sell or trade the vehicle to clarify with a death certificate that one owner has died and you are the remaining owner.
- Contact your **automobile insurance** company and ask them to remove your spouse’s name on the policy.
- Retirement Accounts.** First, if your loved one was over 73, then you may have to take the required minimum distribution for the year of death if that money has not been taken out already. Assuming you are the named beneficiary...
- For a spouse inheriting an IRA, you can (1) roll the IRA into your current IRA, (2) set up a new IRA in your name, or (3) simply treat yourself as the beneficiary of your spouse’s IRA. The decision may depend on your age and your spouse’s age, but your financial advisor can help you with this.
 - For a non-spouse inheriting an IRA, the general rule is the non-spousal beneficiary has ten (10) years to withdraw all assets from the inherited IRA. However, certain eligible beneficiaries may withdraw the Required Minimum Distributions based on their life expectancy so check with your IRA custodian. Of course, charities can cash their portion out without taxation. Many beneficiaries simply cash out of the IRA without realizing the full tax consequences in doing so.
 - For 401(k), 403(b), and other such accounts, you may be able to roll these accounts over into your own account or into an IRA. You must check with the plan administrator to see what your options will be. In most cases, you will want to make a direct transfer from custodian to custodian to avoid a required 20% withholding for taxes. Be aware that some custodians may try to sell you an annuity. Purchasing an annuity is a major investment decision. Be sure that you have carefully considered all the implications before making such a purchase.

LEFT TO DO

- Review all **claims**. You might call each one that has not responded to confirm they have everything that they need. We have found a company might claim they are missing the death certificate you mailed.. The company may be trying to delay the payment, but most likely they were just careless in handling all the paperwork. The point is you have to look out for your own interests.
- If you are required to **probate** some assets, be sure by now the attorney has filed the creditor's notice in the paper. That is important to "start the clock" on the time limit for claims and lawsuits.
- You will want to contact **creditors** (like credit card companies) and have them remove your loved one's name. For the surviving owner, your name and your social security number will then be placed on the account(s). You may wish to close some accounts, but you probably need to maintain at least one credit card. It may be that your joint cards were all under your spouse's tax number. You may need to apply for a new card in your own name and number so that you can establish your own credit history.
- You should have received or will start receiving over the next weeks and months the **final bills** owed. Depending on how you are paying the bills (as executor, trustee, or surviving spouse), you will want to keep good records. Be sure that medical insurance has been properly filed and has paid before you make the final payments.
- By now it is time to begin to put together your budget. How much income will you have now? What will your fixed and flexible expenses be? Your financial advisor can help you with establishing a reasonable budget.
- For most surviving spouses, it is good to consolidate and simplify. If accounts can be combined, that is often a good thing. You might want to have as many bills as possible drafted from your checking account, as well as having income automatically deposited. Now you have been through most of the process of handling your loved one's estate, you might want to think about making life easier for your loved ones when you die.
- If you have bills that are paid annually, you might see if an alternate person could be designated to be notified in case you don't pay the bill.
- If you have not ordered a monument or if you need to have final dates inscribed, you might want to meet with the monument company representative and make sure that they follow through on your needs.

WHAT CAN YOU DO NOW FOR THOSE WHO FOLLOW YOU?

Now that you have been through the process of finalizing a death, you may have strong incentives to get your own house in order. Here are several things that you might do to make your passing easier on those who will handle your affairs:

- Pre-arrange your funeral.** It is easier for you to choose a casket and make other important decisions than for your family members to do so when you die.
- Write your own obituary.** Who would know the details of your life better than you? You might save a great deal of stress on your family members by having this basic information written down. Some funeral homes will help you with this as you pre-arrange your funeral.
- Make a list of all **important information** for your family and/or executor. This would include accounts and where they are located, policies and where they are kept, names of trusted advisors

(attorney, financial advisor, accountant, etc.), specific matters of information that you only might know, etc. Since you have just gone through the loss of a loved one, what information would you wish your loved one had written down for you?

- Sign a **Living Will** (medical directive to your doctors). This is your right to give instructions to your doctors in the event of a terminal illness or permanent unconsciousness. This can relieve some of the pressure off of your family members in making tough decisions.
- Make sure your **estate planning documents** in order. The Foundation will be happy to help you think through the various issues involved. Your attorney can help you with any changes that you need to make.
 - Check your Will – Since your loved one has died, do you need to update your documents? Do you need to add a new backup executor? Do you need to update your beneficiaries?
 - If you have a trust, the same issues may apply. Also, it is a good time to verify all your assets except retirement accounts and potentially life insurance that have been titled to the trust name. Your advisor or attorney can help you with this.
 - Does your durable power of attorney include the appropriate agents? Do you need to name a new backup agent?
 - Beneficiary statements – It is important to review each one of your insurance policies and retirement accounts. Do you have the correct beneficiaries listed as well as alternate beneficiaries?

FINAL WORD

At the Foundation, we know the difficulty of managing the estate of a person who has died. We have done it numerous times, so we are aware of the pressure and stress this may add to your life. We encourage you to take one thing at a time and seek help when you need it. Ask your family and friends to pray for you too as you work through all the “business” of surviving a loved one’s death. May God bless you in this process. Our prayer is this will draw you closer and closer to Him.

FOR REFLECTION (NIV)

Psalm 23

“The Lord is my shepherd, I lack nothing. He makes me lie down in green pastures, he leads me beside quiet waters, he refreshes my soul. He guides me along the right paths for his name’s sake. Even though I walk through the darkest valley, I will fear no evil, for you are with me; your rod and your staff, they comfort me. You prepare a table before me in the presence of my enemies. You anoint my head with oil; my cup overflows. Surely your goodness and love will follow me all the days of my life, and I will dwell in the house of the Lord forever.”

John 14:1-6

“Do not let your hearts be troubled. You believe in God; believe also in me. My Father’s house has many rooms; if that were not so, would I have told you that I am going there to prepare a place for you? And if I go and prepare a place for you, I will come back and take you to be with me that you also may be where I am. You know the way to the place where I am going.’ Thomas said to him, ‘Lord, we don’t know where you are going, so how can we know the way?’ Jesus answered, ‘I am the way and the truth and the life. No one comes to the Father except through me.’

John 11:25-26

“Jesus answered, ‘I am the way and the truth and the life. No one comes to the Father except through me and whoever lives by believing in me will never die. Do you believe this?’”

Revelation 21:1-7

“Then I saw ‘a new heaven and a new earth,’[a] for the first heaven and the first earth had passed away, and there was no longer any sea. I saw the Holy City, the new Jerusalem, coming down out of heaven from God, prepared as a bride beautifully dressed for her husband. And I heard a loud voice from the throne saying, ‘Look! God’s dwelling place is now among the people, and he will dwell with them. They will be his people, and God himself will be with them and be their God. ‘He will wipe every tear from their eyes. There will be no more death or mourning or crying or pain, for the old order of things has passed away.’ He who was seated on the throne said, ‘I am making everything new!’ Then he said, ‘Write this down, for these words are trustworthy and true.’ He said to me: ‘It is done. I am the Alpha and the Omega, the Beginning and the End. ‘To the thirsty I will give water without cost from the spring of the water of life. Those who are victorious will inherit all this, and I will be their God and they will be my children.’”

I Thessalonians 4:13-18

“Brothers and sisters, we do not want you to be uninformed about those who sleep in death, so that you do not grieve like the rest of mankind, who have no hope. For we believe that Jesus died and rose again, and so we believe that God will bring with Jesus those who have fallen asleep in him. According to the Lord’s word, we tell you that we who are still alive, who are left until the coming of the Lord, will certainly not precede those who have fallen asleep. For the Lord himself will come down from heaven, with a loud command, with the voice of the archangel and with the trumpet call of God, and the dead in Christ will rise first. After that, we who are still alive and are left will be caught up together with them in the clouds to meet the Lord in the air. And so we will be with the Lord forever. Therefore encourage one another with these words.”

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