



Prepare for the Inevitable- And Give Your Family a Break

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There is some truth to the old saying that the only two sure things are death and taxes.

Today I'm going to touch on both topics. Most people want to "have their affairs in order" so that when they pass away, the administration of their estate is as smooth as possible. But what exactly does it mean to "have one's affairs in order"? I was recently asked by a member of the Farm Bureau, what steps should a person take during his or her lifetime to make things easier on family members during a difficult time?

First, of course, you should have the proper estate planning documents prepared by an experienced estate-planning attorney. These include, at a minimum, a Will or Revocable Living Trust that is designed to minimize taxes and carry out your wishes regarding the distribution of your estate; a General Durable Power of Attorney; and an Advance Directive and Designation of Health Care Agent.

You should consider carefully who you name as your attorney-in-fact, your health care agent, your Personal Representative (PR) and your trustees. Problems will be avoided down the line if you name people who will get along, take their duties seriously and follow through. You should discuss these fiduciary positions with the people you have chosen, preferably before you even execute your documents, so that they understand and accept their responsibilities.

Your attorney-in-fact and your health care agent should know how to quickly access your original Power of Attorney and Advance Directive, so that they can act on your behalf immediately if you become incapacitated. It may be appropriate to provide them with a copy or even an original in advance.

Regarding documents that will be needed upon your death, centralization and organization are the keys. All of us probably have the goal to be perfectly organized, and few of us ever quite get there. But it is important at least to have a central location, say, a file cabinet, where pertinent documents can be found.

Your original will should be kept in a

safe place, but one where your PR knows where it is and has access to it. It is crucial that the original will signed by you be available for probate. I recently wrote in this column about the pros and cons of safe deposit boxes. If you use one, you should name another party to the box so that it can be opened without difficulty after your death. Alternatively, you can use a fireproof box or safe at home (make sure your PR or a family member has access to the combination!), or have it stored by your estate-planning attorney, or file it with the Register of Wills. If you have a codicil to your will or a memorandum regarding tangible personal property that is incorporated into the will, these documents are part of the will and must be kept with it at all times.

Your files should contain copies of your will, your Power of Attorney and Advance Directive, and any trusts you have executed or of which you are a beneficiary.

You should think in terms of providing a complete financial picture to the people who are going to have to catalog and distribute your assets. Often a good starting point is to keep a periodically updated financial statement or list of your assets. It is also very helpful to maintain a list of the names, addresses and telephone numbers of your advisors, including your business and estate planning attorneys, accountant, bankers, broker, life insurance agent, and anyone else who might have relevant information or be of assistance in the administration process.

Collected in your central location should be all deeds to real properties (including undeveloped lots, time shares, etc.), as well as appraisals and tax statements pertaining to those properties; leases, ground rents, mineral interests and other documents regarding real property; titles to all vehicles and boats; all life insurance policies and related correspondence and documentation, such as copies of beneficiary designations; other insurance policies such as homeowner policies; monthly statements for the last several months for each bank account, investment account and IRA; stock certificates and bonds; federal and state income tax returns for the last three years; all gift tax returns you have ever

filed (including consent to split gifts); information regarding any lawsuits filed by you or against you; and any promissory notes you have signed or that are owed to you. Ideally you should keep notebooks or labeled folders for different types of documents.

You should also keep updated information and statements regarding any credit card accounts or lines of credit you are using, so that it will be easier to assess and pay any outstanding debts at the time of your death. It is also helpful to write reasonably detailed descriptions in your checkbook register, so that your PR can identify the payees of recent checks.

If you have a prepaid funeral and burial contract, you should keep that with your records. Be sure to tell your family about it, so they will know what your plans are and which items have already been paid for.

One very important aspect of record keeping involves the cost basis of investment assets. Under the new tax law, the capital gains on your assets between the date you bought them and your date of death may play a much more significant role than in the past. If you do not have adequate documentation of your purchase price for securities, real property, etc., that information can be difficult and time-consuming to track down years in the future.

To the extent you are comfortable doing it, it can be a good idea to spend some time familiarizing your chosen PR or Trustee with some of the details of your finances, so that they have a better idea what is going on and what to look for when the time comes. Married couples often name each other as fiduciaries for each other's estates, but sometimes one spouse handles all of the financial affairs. If that is the case, make sure the other spouse is familiar with the assets and how they are titled, and knows where to find all the necessary documents.

It is well worth a little time and effort to "get your affairs in order." You will undoubtedly feel much better about it, and you will be doing a great favor for the family members who handle your estate.

County and state leaders are covered

By Lee Bishop
Nationwide Agent

For those of you who serve as an officer or director of your county or the Maryland Farm Bureau, I pose a question: Have you given thought to the consequences should you be sued for wrongful acts while performing your duties? Possibly, an inaccurate statement you gave to the press that placed you and your organization in the midst of legal entanglements and attorney fees? In our litigious society, this scenario could indeed become reality.

To safeguard against the possibility, Maryland Farm Bureau has wisely put into effect a Directors and Officers Liability Insurance Policy providing coverage at an aggregate limit of \$1 million with each claim subject to a \$500 deductible. The underwriters designed that deductible to incur your personal involvement and to encourage vigilance while serving.

Coverage is designed to pay on your behalf any claim made against you by reason of any wrongful act in your respective capacity of director or officer. A "wrongful act" shall mean any actual or alleged error, misstatement, misleading statement, act or omission or neglect or breach of duty by the insured, individually or collectively, in the discharge of your duties solely in your capacity as insureds.

As in any insurance policy, there are numerous exclusions that specifically require you to behave responsibly, ethically and morally while discharging your duties, in order to be provided coverage. To do otherwise, could in all likelihood, suspend your participation in the policy should a claim occur.

Coverage is provided for directors and officers at both the state and county levels. Should anyone have a question regarding the policy, you can call my office at (410) 329-6550.