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## Wealth management: wealth transfer checklist

13-16 minutes



### Key takeaways

- Talking with family members about plans to protect and transfer assets can help avoid unwelcome surprises after you or your spouse dies. Choosing the appropriate people to fulfill the key roles in your estate plan is a critical task.
- Consider important factors such as your future health care and living expenses, philanthropy, and desires to make educational gifts to family members as part of your wealth transfer decisions.
- Review your plan as circumstances change. As a general rule, you should have your estate planning documents reviewed every 3 to 5 years.

Money is one subject that families are often reluctant to talk about. Death is another. Combine them—as in talking about your estate plan—and avoidance is a common reaction.

Nonetheless, talking with family members about plans to protect and transfer assets can help avoid unwelcome surprises and unnecessary stress after you or your spouse dies. Talking about money and values, especially during the current COVID pandemic, can also strengthen family ties and develop a shared purpose while you are still alive and able to enjoy the results.

Of course, deciding how and when to bring family into your estate planning process is a very personal and sometimes difficult decision. "Consider easing into the discussion with a topic that resonates more easily, such as charity," says David Peterson, head of wealth planning at Fidelity. "Discuss your vision for your family, your children, and your wealth, and the impact you want to have on society. The more you can get everyone feeling engaged and empowered, the better these conversations will go."

Before you start the process of giving away money—or “wealth transfer” as it's sometimes known—make sure your financial plan accounts for expected health care costs, taxes, and all other living expenses for the rest of your life. You may also want to develop a real estate strategy that maps out where you plan to live in 5, 10, or even 25 years. Once those elements are in place, you can kick-start your estate planning process with our 4-step wealth transfer and asset protection guide.

## 1. Pinpoint your family vision

- **Start by creating a family tree.** The evaluation of wealth transfer objectives and of wealth transfer strategies will benefit from the involvement of an estate planning attorney. To best explore all the options for building your specific plan, your attorney will need to know all the players in your family—or families—and how they may factor into your intentions.
- **Understand your wealth transfer objectives.** Consider who you wish to receive a portion of your assets, and when. Then, put together a list of objectives, covering such topics as:
  - **Wealth transfer:** How can you help ensure that your assets will be transferred smoothly to your heirs? Beyond having a will, you may want to set up trusts.
  - **Philanthropy:** What causes are most important to you and your family? How do you want to support them?
  - **Living expenses:** Do you want to provide financial assistance to family members, such as your parents, children, or grandchildren, or to relatives who require special care?
  - **Education:** Do you want to contribute to your children's or grandchildren's education? Contributions to 529 college savings plans or direct tuition payments to an institution can lower your taxable estate.
  - **Incapacitation:** Who do you want to make key decisions to help protect your family

if you're unable to make your wishes known?

**Tip:** Talk with your family about the importance of incapacity planning before a loved one becomes incapacitated. With the COVID era still upon us, the time is now. Without the proper—or properly updated—documents (durable power of attorney, health care directive), a spouse or family member may not have the legal authority to manage financial matters on behalf of the incapacitated person.

## 2. Identify your assets and liabilities

When planning for your family's financial future, be comprehensive. Start out by creating a personal balance sheet.

- **Catalogue all your assets, their location, and their value:** Financial accounts (including retirement accounts), share certificates or investments not located in financial accounts, real estate, business interests, safe-deposit boxes, tangible personal property, mineral rights, life insurance, mortgages or notes owed to you, and any other assets (trusts, investment interests, etc.).
- **List all your liabilities:** Mortgages, secured debt (e.g., car loans) and unsecured debt (e.g., credit cards). Be sure to include shared obligations and those you have guaranteed, such as a student loan or mortgage for a child or grandchild.
- **Record ownership/titling** for each asset and liability.
- **Review beneficiary designations** for relevant assets to ensure they are consistent with your overall wishes and they coordinate with your other estate planning documents.

## 3. Focus on your legal documentation

Before you meet with an estate planning attorney, you will need to pull together key documents.

- **Start by getting copies of beneficiary designations** for all your accounts, including insurance policies; annuities; and saving, brokerage, and retirement plan accounts.
- **Next, learn about the 2 common documents found in an estate plan:**
- **A will** is an essential legal document that sets forth your wishes regarding the distribution of your property and the care of any minor children when you die.
- **A trust** is a more complex legal structure that contains a set of instructions on

exactly how and when to pass assets to trust beneficiaries. Trusts are a tool that can allow you to control when and to whom your assets will be distributed. For more on trusts, read *Viewpoints* on Fidelity.com: [6 reasons you should consider a trust](#).

- **Then consider additional supporting documents** intended to protect you and provide instructions in the event of your incapacity. Among them:
  - **A power of attorney** appoints an agent to act on your behalf regarding financial and other matters while you are alive.
  - **A health care proxy** names the agent who can make health care decisions for you if you are unable to communicate for yourself.
  - **A HIPAA release** informs doctors and other hospital staff of people who can visit you and the information they can receive if you are unable to state your wishes directly. Without a properly executed HIPAA release, your named agents may not have the ability to talk with your doctors or access your medical records.
  - **An organ donation form** enables you to state your desire to have all or part of your body donated for transplant or medical research.
  - **A living will or medical directive** outlines your wishes regarding life-prolonging medical treatments, and may vary depending on your state of residence.
  - **A final wishes letter of intent** is not a legal document but can be a catchall for anything you want to document, including the type of service, burial, or cremation you want.
  - **A letter of instruction** usually contains the critical information your family will need in the event of your incapacitation or death, including a contact list of your advisors, a current inventory of your assets, a list of legal documents, and instructions on where to find important information.
- **Determine key roles.** Choosing and documenting the appropriate people to fulfill the following key roles in your estate plan is a critical task for you and your family. It is also important to make sure the people you designate are comfortable taking on these roles and that you consider successors for each of them:
  - **A personal representative/executor** will work with your attorney—and potentially the court system—to ensure the collection and disposition of your assets to the appropriate people in accordance with your wishes.
  - **A trustee** is the individual or professional corporate trustee who will hold the trust assets on behalf of the trust beneficiaries. The trustee has the fiduciary obligation to

make sure trust assets are properly invested and distributed according to the instructions in your trust.

- **A guardian** is the individual who is legally responsible for the personal and property interests of your minor children. Note: The parties you designate to care for your children do not have to be the same parties who manage their assets.
- **Meet with your attorney.** Typically, your first meeting offers the opportunity for the attorney to describe their estate planning process and review any documents you bring to the meeting. Your attorney should also discuss their fees, tell you how long it will take to draft your estate planning documents, and answer any questions you or your family may have.

Once you have chosen an attorney, the process usually has 3 phases:

- **Draft and execute your documents:** At this stage, generally your attorney will draft and review all your new estate planning documents with you and have you sign them. Depending on your state of residence, there may be specific requirements as to the form or content of these documents or the manner of execution. For example, some states require that signatures be witnessed or notarized.
- **Implement your estate plan:** After you have signed your documents, your attorney can help you with the follow-up steps required to complete your estate plan. These may involve retitling assets between you and your spouse, completing or amending beneficiary designations, and retitling assets in the name of a trust. For more on estate planning, read *Viewpoints* on Fidelity.com: [5 steps to create an estate plan](#).
- **Store your documents in a safe place:** You can either store your estate plan and other important documents in your attorney's office or select a fireproof place—such as a bank safe-deposit box—that someone close to you can access in an emergency. Many families today use secure virtual safes such as [FidSafe®\\* Opens in a new window](#) to store copies of important documents and other information, such as passwords, financial statements, and wills.

**Tip:** If you plan to store your documents in a bank safe-deposit box, be sure family members, successor trustees, or named agents will be able to access the safe-deposit box upon your incapacity or demise. Otherwise, your family may need to obtain court approval to gain access.

#### 4. Follow up on your plan

Once you have your plan in place, you should continue the vital discussions you've

already started with your family members regarding the details of your plan. Sharing the particulars of your plan is a highly personal decision. But helping your loved ones better understand your intentions before any incapacitation or death is something to carefully consider.

Finally, review your plan as circumstances change. As a general rule, you should have the estate planning documents reviewed every 3 to 5 years. In addition, you should review your plan when major life events occur, such as marriage, the birth of a child, divorce, the receipt of an inheritance, or a death.