

## FROM THE PROFESSIONALS

# Letter of Final Instructions: Why You Need One (Part I)

*Julian Block, JD, LLM*  
*Larchmont, NY*

In the best of all worlds, we would know exactly what to do when someone close dies. Our loved one would have informed us where to find instructions setting forth funeral arrangements, the location of the will and any life-insurance policies, a list of all property and assets and the name of the deceased's lawyer. Any minors would be provided for in the will. No one would challenge the authority of the executor—the person named by the deceased to make sure the terms of the will are met. Probating an estate, an often-grueling court process, would be completed smoothly and quickly. In the real world, such a well-ordered process almost never occurs.

— *Money* magazine (August, 1986)

Last year's tragedies on September 11 and the recent, unpredictable sniper attacks in the Washington, DC Metro area have changed our lives and continually remind us of the uncertainties we live with every day. Those events have prompted many individuals to reflect on whether they have sufficiently planned for their death or incapacity, should something unexpected happen.

As a lawyer, I have fielded many inquiries from people who want to write wills. Others have wills, but may need to review them, especially if they have moved to a different state or are affected by recently revised rules for estate taxes. Unfortunately, in my experience, most people never get beyond tending to wills. If they do even that, they overlook another step that is just as necessary. It is also an ideal time to draw up what lawyers call a "letter of final instructions."

Don't be intimidated by the formal title; the letter serves many purposes, but primarily is an informal, personal financial inventory that is not legally binding. Usually, the document is addressed to your surviving spouse, one of your adult children, your lawyer or your executor—the legal term for the person who is the key figure in wrapping up an estate and whose primary responsibility is to

marshal all assets of an estate. Why is it worthwhile to go through this chore?

The reward for your efforts is a letter that advises the people most important to you about assets that they might otherwise have to scramble to locate, whether because of your death or a serious illness or other crisis that leaves you unable to handle your financial affairs. Also, there are important details that can change quickly and are usually impractical to put into a will.

At the very least, the letter should spell out the exact location of all your essential papers and also note any requests that you want to make. To help you organize a letter that can be as necessary as your will, here are some reminders on what sort of information to include.

**WHO GETS WHAT.** Let your heirs know how much they can expect when you die. List all benefits due them from your employer or your business. These fringes include life and accident insurance and retirement plans, whether IRAs, 401(k)s or profit sharing, as well as benefits from Social Security, the Veterans Administration, or other sources.

**PEOPLE TO CONTACT.** Put in the names, addresses and phone numbers

of persons and organizations to notify in case of your death—relatives and friends, attorneys, accountants, employers and financial institutions, for instance.

**THE PLACES YOU KEEP PERSONAL PAPERS.** Indicate their whereabouts, particularly your will, birth and marriage certificates, divorce or separation agreements, diplomas, military records, naturalization papers and similar vital documents. Be specific about these locations. Use language like "in my safe-deposit box at the Fifth National Bank" or "in the bottom left-hand drawer of my desk." There is an added plus if you have yet to file your papers properly: Making out this letter will force you to do so before they go astray.

**CHECKING AND SAVINGS ACCOUNTS.** List all of them—their numbers, the banks and their addresses, names of the owners and location of the passbooks. Each year, banks and other financial organizations advertise for missing depositors who forgot their accounts or died without informing relatives about them. Your letter can avoid this.

**TIP.** Tell, too, where you keep canceled checks, credit card slips, and the like that, among other things, supply the information that you rely on at Form 1040 time to justify the

amounts that you show as income, deductions, exemptions, and other return figures. In the event that Internal Revenue questions those figures and the substantiating records are unavailable, your estate may be drastically diminished by assessments for additional taxes, interest charges, and, perhaps, penalties. Chances are that you use credit cards to pay for many items, including meals, travel and purchases at stores. Your listing of cards should include a reminder for them to be canceled or converted to your spouse's name.

**INSURANCE.** For each insurance policy, whether it be life, accident, car, household, medical or mortgage, list the name of the insurer, policy number, agent and location. Don't overlook those group insurance policies acquired through your employment or by joining professional or fraternal associations. To illustrate, suppose someone dies while traveling on business. His fringe benefits might include an accidental-death policy; there also might be coverage for a specified amount because of membership in an automobile club. Moreover, credit cards frequently provide casualty insurance with tickets that are charged.

**STOCKS AND BONDS.** List all mutual fund shares, stocks, bonds and other investments. If you trade stocks frequently and keeping a current list would be inconvenient, simply list their location. If you have an account with a stockbroker, include his or her name and address and your account number.

**SAFE-DEPOSIT BOXES AND DEBTS.** Record information about the contents and whereabouts of boxes, the location of keys to the boxes and debts, whether owed by or to you. List the details about the information needed to sell your year-round residence, vacation retreat or other dwelling, a tally that should include such key documents as deeds, state-

ments of real-estate closings and mortgages. For example, explain whether insurance automatically pays off a mortgage at your death. Don't forget things like money due—say, a loan made to a sister, but not openly discussed. Explain precisely how you want the matter settled, possibly by forgiving part or all of her debt.

**FUNERAL ARRANGEMENTS AND OTHER MATTERS.** The letter can be opened and read at once, whereas a will's opening and reading usually is some time after burial. So use the letter to give immediate instructions concerning important matters that might have been difficult for you and your family to talk about during your lifetime and should not be covered in your will. Some recurring items on wish lists: the upbringing of small children or grandchildren; the disposition of cars, clothing, books and other personal effects; or arrangements for burial, cremation, or the donation of your body or organs to medical institutions.

Here's where you can suggest what you would like mentioned in your obituary—schools attended, places worked, positions held in professional, fraternal or charitable organizations, military service and decorations. Spell out how elaborate or simple a funeral you want and whether you have already bought a burial plot, or made arrangements with a specific funeral home and desire the service to be religious or secular. Although it might sound morbid, you need to write a letter sufficiently clear to be understood by a complete stranger, should a car accident or other disaster wipe out your family.

In summary, a letter of instruction should be seen as a guide to assist you with planning for the future and to help your loved ones determine your intent, should anything unexpected to you. In the next segment, I will discuss some additional, helpful tips.

*Julian Block is an attorney and a syndicated columnist in Larchmont, NY. Block has been cited by the New York Times as a "leading tax professional" and by the Wall Street Journal as an "accomplished writer on taxes." He can be contacted at [julianblock@yahoo.com](mailto:julianblock@yahoo.com).*

