

Money Zone: Estate Planning Just For You: Contingency Day

Because you never know what might happen in life, we encourage everyone to schedule a "Contingency Day," a day on which you and your partner discuss your finances frankly and openly. After going through the process once, you should update your discussion by having a contingency day meeting each year. The most caring activity in which you and your spouse can engage is to share your financial condition and your knowledge with each other. (And your husband thought it was sex!)

If you have adult children, you may want to include them in these discussions. If you are not married and have no adult children, plan an annual Contingency Day anyway, and have a day of reckoning for yourself. That way, you can assure that the future will be as comfortable and uncomplicated as you can make it for those you leave behind. If you have relatives who will be responsible for your estate, make their task as simple as possible. Remember, they will be mourning your death at the same time they will be dealing with your financial assets and the responsibilities that you leave behind.

Here are some important steps to take when planning your Contingency Day:

- Decide what information you must gather to prepare for the discussion, and designate which of you will be responsible.
- Set a date to meet, and schedule several hours for your Contingency Day planning. You might want to decide in advance to follow the discussion with some form of entertainment, like dinner and a movie, to help you both unwind.
- If your spouse resists setting a date for the meeting, ask him if he will help you gather the documents to proceed yourself. Discuss with him what information you have and what you need, and then begin the process on your own. Your progress and determination may spark his enthusiasm for the project.
- If discussions about money have caused conflicts between you and your spouse in the past, ask your accountant or financial planner to be present to facilitate your financial discussions. The money it costs to have a professional present will be well spent if it results in a productive discussion and lays the groundwork for future planning meetings between you and your husband.

Topics for Discussion on Contingency Day

What are our financial assets? It is important to identify everything you own and what you owe before you can begin to plan for the future when one of you dies. Use the Net Worth Money Zone to help you identify and list all your assets, cash, and the current income that will be available if either spouse passes away. Be sure to include insurance policies and retirement assets such as deferred annuities and employer death benefits.

Are our assets sufficient? Now that you know how much you have, you can determine whether it's enough. How much would you need to live on? How much cash would you need immediately? Calculate the funds you will need to educate your children, your living expenses until retirement, and your retirement needs. Any shortfall should be covered by insurance.

Where are our assets invested? Discuss each asset you own so that you and your partner understand the nature of the investment, how much income it produces, what the long-range growth potential is, how safe the investment is, and the investment's marketability. This is a good

way to take a look at your current circumstances—which you should do on a regular basis anyway.

Should any of our investments be sold? Examine each investment critically. Does it fit your long-term goals? What are the growth and income potentials of the investment? Too often, a widow is left with investments that she doesn't understand. Give careful consideration to the criteria that will indicate the time to sell investments you may currently own, so that you can decide whether to continue to hold them.

Will either of us be able to manage this investment alone? An active business or real estate investment requires time and skill to manage. If your spouse has managed the business or property in question, you may need to develop the skills necessary manage it or at least to keep it going until it can be sold. Here are some of the questions that you will need to answer:

1. What are the specific management requirements of the investment?
2. If the asset is to be sold once your spouse dies, what steps must be taken to sell it?
3. If the asset is to be kept after your spouse's death, what skills will be required to maintain and supervise it?
4. If you lack the requisite management skills, list those you will need to acquire and how you plan to attain them.
5. If either you or your spouse is involved in a lawsuit, review the progress of the lawsuit, the expected outcome, and the procedure that the other spouse should follow if one of you died.

Whose advice should we solicit? Which key advisors know the most about your financial and legal affairs? Both you and you husband should meet with your advisors, and each of you should feel comfortable with them. Make a list of all your advisors, including their contact information (addresses, phone numbers, and email addresses). On the list, include your accountant, attorneys, stockbrokers, financial advisers, insurance agent, banker, mortgage broker, executor of your will, and any other advisers on whom you depend.

Do we have an estate plan? Do we have the wills, trusts, powers of attorney and other documents that we need to be prepared for every eventuality? If you don't have an estate plan in place (or if yours is not current), this is an excellent time to contact your estate planning professional for a consultation.

Happy planning! ☺