

Paul Hood Column Fall 2019



Q. I am seventy. What are the five top items I need to focus on for my retirement and estate plan? (IRA, Having a will, etc.)

A. For my answers, I draw heavily on my estate planning beliefs and philosophies, which inform most of the advice and commentary that I give. Ask your estate planner what his or her estate planning beliefs and philosophies are. Very few will be able to answer immediately. However, I'd be lost without my estate

planning beliefs and philosophies, which I keep readily available for review, because they form a moral compass for me that keeps me grounded and focused upon what *really* matters.

With that, let's dive in. We'll count 'em down Casey Kasem-style (and it's my fervent hope and prayer that your estate planning is better than his was). Just imagine singers announcing each number!

No. 5: Organize your life. Pull together your various accounts. Look to consolidate IRAs and other accounts. Consider downsizing housing and selling rental real estate to get out of the tenant management, maintenance and upkeep headaches. Prepare a list of all of your electronic account passwords. Simplify. Purge. Tell your future executor or successor trustee where your lists are, or make it easy to find after you're gone and no longer around to help. Believe me, your surviving spouse, family, and professional advisors will appreciate your attention to such important work.

No. 4: Have a current, coordinated estate plan. At 70, your estate plan should be in place. It should reflect your total current life situation. Your will or revocable living trust should be coordinated with the property that will pass by ownership designations. Examples include joint tenancy with rights of survivorship or tenancy by the entirety for married couples in some states, as well as with that property that will pass by virtue of beneficiary designation, such as life insurance, annuities, qualified retirement

plans and IRAs. Even though you filled out your paperwork at different times, it must all be ***coordinated*** to prevent surprises down the road.

No. 3: Confirm all beneficiary designations and account/property ownership names in writing. You'll probably not be too surprised to learn that every year laughing heirs and ex-spouses ride off into the sunset with money that people never intended them to have. Why? Because the account holder, now deceased, failed to update his beneficiary designations after marriage or divorce or the birth/death of a loved one.

The casebooks are replete with sad heartbreaking situations where an ex-spouse took a substantial asset like an IRA or life insurance policy because of a simple failure to change the beneficiary designation. Look at No. 3 as a drilling down of No. 5 discussed above. The results of the beneficiary confirmation process never cease to amaze me.

Rarely do we *not* uncover at least one asset or account that has an old beneficiary designation leaving a policy or account to now long since deceased parents, former spouses and siblings. The stakes are too high to not take the time to confirm each beneficiary designation on file, because financial institutions also lose or misplace beneficiary designations from time to time.

No. 2: Have a loving 'why' conversation about your estate planning with your loved ones. You can save your loved ones a lifetime of heartache and pain by telling them *why* you did what you did in your estate plan. If I were only permitted to dispense one piece of advice to you, there's no doubt that it would be this: ***your estate planning or lack thereof will impact the relationships of those who survive you.***

Sadly, too many people take the *why* of an estate plan to the grave with them. On at least three different occasions, I had very successful grown men break down and cry in my presence about what their parents *did* to them in their estate planning, which usually consisted of giving them less than what the parents gave their siblings. The first time it happened, I simply wasn't ready for a very successful

Type A personality to break down like that. I realized that I had to learn something about psychology, which I didn't have in the LSU College of Business Administration!

In every one of these situations, my client was *far* wealthier than their parents, who obviously felt that my client didn't need as much as some of their siblings did. But the parents never took the time to explain *why* they're doing what they did. This failure usually results in people thinking the worst and conjuring up a parade of horrors (yep, New Orleans remains a big part of me – I still think of most things in terms of parades! As the Soul Queen of New Orleans Irma Thomas often says, in New Orleans, we celebrate everything from roaches to death to gumbo!). The sad family member often takes out this hurt on their siblings and other family members, often to the destruction of an extended family.

Many people view what they get in an estate relative to what their siblings get as the final scoreboard or barometer of a parent's love, which is *rarely* true. My clients were upset because they were having trouble with the possibility that they got less because Mom and Dad loved them *less*. Remember the Smothers Brothers routine entitled "Mom loved you best?" What do they too often do in these situations? They take it out on their siblings or go to court.

Neither of these scenarios is optimal, and both are crying shames. We should be collectively sad when a family splits over estate planning because, in my opinion, family is the backbone of society.

Family relationships often are ripped asunder for virtually no reason at all. Had Mom and Dad simply explained the *why's* of their estate plans, either in person or in a letter to be read after death, they could have spared the child a lifetime of torment and taking the perceived slight out on their siblings or others forever.

[Drumroll here] And, now, for the number one most important thing that you should take care of in your estate planning as a newly-minted septuagenarian:

No. 1: Straighten out and strengthen your relationship with God. How does this help with your estate plan, you ask? In my experience, ***God is the answer on almost every level of existence.*** God can give grace to guide you during your final years to appropriately and prudently tend to your estate planning.

I firmly believe with every fiber of my being that God's guidance is essential to the success of an estate plan, so He shouldn't be shoved to the periphery of the process. As a proud Roman Catholic, I believe strongly that God belongs front and center in all aspects of life, including your estate planning.

God's love and influence can set the tone for a loving transition for a family. At its essence, estate planning is about preparation for an important journey, but in my opinion, there's no more compelling and important journey than the journey of your soul as it prepares to go home to God.

I'll close with a book recommendation. My friend, Sal LaMendola, Esq., is a tax and estate-planning lawyer in Troy MI, who wrote '*Estate Planning for Catholics: A Guide to Doing God's Will in Your Will.*' It is available from all major online booksellers. I read the book years ago, long before Sal and I met and became friends. Sal did a great job of infusing the Roman Catholic stances into the estate planning process and I highly recommend it.

That concludes the big five things you should do in your estate planning. If you ever have any questions about any aspect of estate planning, I'm always happy to answer it. Just e-mail the Sisters, who will get your question to me.

May God bless you, your families and the Franciscan Sisters of Sylvania!

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