

What to do when a loved one dies

WAEPA has developed this ebook to support you – particularly if you are serving as an executor of the estate. We hope you find this resource helpful along this journey.



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Introduction

The human experience has many factors in common; marriage, divorce, having children, changing jobs, and retiring. The one experience that we will all share is dying. While it may be unsettling to think about, it's important that we prepare to deal with the death of our loved ones and think in advance about our own passing.

WAEPA has developed this ebook to support you – particularly if you are serving as an executor of the estate – while you manage the stressful period before and after your loved one's death.

We hope you find it helpful.



Preparing for a Loved One's Death

Sometimes we know in advance that we will lose a loved one soon, perhaps to old age or a terminal illness. As sad and sobering as that reality may be, the time in advance affords you a chance to ensure their wishes for end-of-life care are honored. You can learn whether they have prepared:

- an **advance medical directive**—a written statement of a person's wishes regarding medical treatment
- a **living will**, specifying wanted and unwanted procedures
- a **Do Not Resuscitate (DNR) order**—a legal order instructing health care providers to withhold CPR if your loved one's heart stops beating or advanced cardiac life support (ACLS) in case their heart were to stop, or they were to stop breathing
- a **health care proxy**
- **instructions for burial** and/or cremation
- a **valid will**—the legal document naming an executor and containing instructions for handling the individual's money and property after their death



Preparing for a Loved One's Death

- information for **accessing bank and investment accounts**
- **details on the location** of their will, birth certificate, marriage and divorce certificates, Social Security information, life and health insurance policies, financial documents, keys to their safety deposit box or home safe, employment information (did they work in the public or private sector?)
- **instructions for disbursement** of life insurance, annuities, IRAs, Thrift Savings Plans, 401(k), stocks, and savings to beneficiaries

People will often turn to an **estate attorney** to prepare these documents and make certain everything is in place to guide the executor.

If you are the executor, you may feel honored to have been entrusted with your loved one's last wishes. It's important to keep in mind, however, that the formidable duties of an executor may take up a considerable amount of your time over the next few months or more.

Preparing for a loved one's death:

Advance medical directive

Living will

Do Not Resuscitate (DNR) order

Health care proxy

Instructions for burial and/or cremation

Valid will

Information for accessing bank and investment accounts

Details on the location of important document

Instructions for disbursement to beneficiaries



Reporting Their Passing

Don't Delay

When your loved one dies, it may be difficult to set aside your grief, however briefly, to address issues that may seem mundane or even morbid. Immediately taking the steps outlined here by Consumer Reports is essential.

- Get a legal pronouncement of death.
 - > If **no doctor is present** and the person dies at home under hospice care, call the hospice nurse, who can declare the death and help facilitate transport of the body.
 - > If the **person dies at home** without hospice care, call 911 and have in hand a do-not-resuscitate (DNR) document if it exists. Without one, paramedics will generally start emergency procedures and, except where permitted to pronounce death, take the person to an emergency room for a doctor to make the declaration.



Reporting Their Passing

- **Talk with doctors** and other medical personnel about postmortem decisions: What was the cause of death? Will there be an autopsy? Did the deceased want to donate their organs or tissue?
- **If no autopsy is needed**, the body can be picked up by a crematorium or a mortuary (by law, a mortuary must provide price information over the phone).
- **Notify** the person's doctor or the county coroner.
- **Notify** close family and friends and ask for their help in contacting others who will appreciate receiving the news promptly.

- **Arrange** for the care of dependents and pets.
- **Prepare** an obituary for the funeral or death notice for the newspaper.



If your loved one was working at the time of their death, be sure to notify their employer:

For private employers, in most cases you should contact the human resources department and ask about any pay due, life insurance through the company, and other benefits.

For **public sector employees**, including Civilian Federal Employees (but not military or postal workers), you should report the death on the **Office of Personnel Management (OPM) website** or call the OPM Retirement Office at **(888) 767-6738**.

Reporting Their Passing

Who else needs to know?

Social Security Administration

Let the **Social Security Administration (SSA)** know as soon as possible. Usually, the funeral director will report the death to SSA, but whoever contacts SSA will need to provide the deceased's Social Security Number (SSN), date and time of death, and a list of surviving relatives. Prompt reporting will ensure the beneficiaries receive all the benefits they're entitled to. For example:

- A surviving spouse may be able to get a one-time payment of **\$255**.
- Some family members may be able to receive Social Security benefits if the deceased person worked long enough in jobs insured under Social Security to qualify for benefits. Your notification to Social Security extends to Medicare. The most convenient way to contact Social Security and apply for benefits is to visit [socialsecurity.gov](https://www.socialsecurity.gov).

Veterans Administration

If your loved one was a **veteran receiving disability compensation** or a pension or they were enrolled in a VA-sponsored life insurance policy, visit the Veterans Administration's new website for the [Office of Survivors Assistance \(OSA\)](#).



Reporting Their Passing

Internal Revenue Service (IRS)

You do not need to **inform the IRS** separately from your notification to the Social Security Administration. You will be in touch with the IRS when you file your loved one's final tax return. However, the IRS documents listed with links in the [Resources](#) section of this ebook are full of useful, pertinent information. It's worth your time to look them over.

Creditors

You may need to **contact lenders and creditors** to notify them the person is deceased and the accounts need to be closed even if the account has a zero balance.

Credit Card Companies

There's no getting around the need to deal with the **deceased's credit cards**. Find out as quickly as you can what cards they have, the status of the accounts (paid up or delinquent), to whom the debt falls, and how to negotiate with the credit card company regarding the debt.



Reporting Their Passing

Credit Bureaus

“When someone passes away, his or her credit reports aren’t closed automatically. However, once the three major credit bureaus – Equifax, Experian and TransUnion – are notified someone has died, their credit reports are sealed and a death notice is placed on them,” explains Equifax.

“That notification can happen one of two ways—from the executor of the person’s estate or from the Social Security Administration. Estate executors or court-appointed designees, however, are encouraged to contact each of the three major credit bureaus so that the deceased’s credit report can be flagged appropriately.”

U.S. Post Office and Delivery Services

You will need to stop or redirect your loved one’s mail and deliveries to another address to prevent theft or signal that the house is empty.

Social Media Accounts

Abby Schneiderman recently explained in Forbes how to deactivate the most common accounts: For [LinkedIn](#), you just need to fill out a form. [Facebook](#) and [Instagram](#) will deactivate upon request and also offer an option to “memorialize” the deceased’s accounts. Deactivating a [Twitter](#) account is more complicated: a friend or family member must contact Twitter and provide an ID as well as a copy of the user’s death certificate.



Life Insurance in the Estate

What You Need to Know About Their Insurance and Claims

“Life insurance is present in almost every estate plan and serves as a source of support, education expense coverage, liquidity to pay death taxes, pay expenses, and sometimes to fund retirement plans,” writes Investopedia’s Cathy Pareto. Ideally, your loved one carried sufficient life insurance to cover the costs of settling their estate, including payments to creditors, as well as funds to provide for their spouse’s and dependents’ needs in the future.

If your loved one worked for the federal government, be sure to investigate the existence of any WAEPA or FEGLI policy they might have owned. This step is critical not only for making claims but also for closing the account and eliminating automatic payments.

Today, many individual Americans and their employers purchase life insurance through a wide range of firms. Civilian Federal Employees often select either:

- **WAEPA (Worldwide Assurance for Employees of Public Agencies)**
- **FEGLI (Federal Employees Group Life Insurance)**



Life Insurance in the Estate

WAEPA—Worldwide Assurance for Employees of Public Agencies

WAEPA was founded For Feds, By Feds in 1943 at the request of President Franklin D. Roosevelt to provide coverage for Civilian Federal Employees serving in war zones. Today, WAEPA is the life insurance choice of over 46,000 Civilian Federal Employees and their families.

WAEPA offers Group Term Life Insurance coverage exclusively to Civilian Federal Employees. With WAEPA, Feds are eligible for up to \$1.5 million in coverage, underwritten by New York Life Insurance Company. This coverage is fully portable, even if you leave the Federal Government or retire.

To begin the claims process for your loved one, you should contact WAEPA at **(800) 368-3484** or email **claims@waepa.org**. You will need to submit a completed **Death Claim Form**, a certified copy of Certificate of Death, and a W-9 Form to:

WAEPA
433 Park Avenue
Falls Church, VA 22046



Life Insurance in the Estate

FEGLI—Federal Employees Group Life Insurance

Your loved one may also have carried FEGLI (Federal Employees' Group Life Insurance) coverage. FEGLI is the Federally-sponsored group term life insurance program. Because FEGLI insurance coverage is based upon your rate of pay, many federal employees find that they are eligible for significantly less coverage with FEGLI than with WAEPA.

If your loved one carried FEGLI and you've reported their death to their human resources office and OPM's retirement office, you can download this [claim form](#) and mail it to OFEGLI.

OFEGLI is an office of MetLife, which determines who is entitled to FEGLI Life Insurance proceeds and for what amount. MetLife processes all claims; OPM has no role in this process.

OFEGLI
PO Box 6080
Scranton, PA 18505-6080



Tax Strategies

Federal Estate Taxes

According to the Tax Foundation, the nation's leading independent tax policy nonprofit:

Most estates are not subject to estate taxes at the federal level. As of 2019, only estates with values of more than \$11.4 million need to pay estate taxes, although they may be imposed by an individual state. Inheritances are usually not subject to income taxes. Capital gains taxes, however, are of interest the IRS. If a beneficiary were to sell a gift in the estate later on, they may be subject to paying a capital gains tax.

State Estate and Inheritance Taxes

Some states impose an additional estate or inheritance tax. Twelve states and the District of Columbia impose an estate tax while six states have an inheritance tax. Maryland is the only state in the country to impose both. The trend is for states to eliminate these taxes altogether or lift the threshold for their imposition. **States with estate and/or inheritance taxes**

As of 2019 only those estates with values of more than \$11.4 million have to pay estate taxes



Tax Strategies

Federal and State Income Taxes

Inheritances are not considered taxable income. **But if the estate includes a 401(k) or traditional IRA**, an inheritor will be subject to federal and possibly state income taxes on distributions.

Capital Gains Tax

A capital gains tax (CGT) is a **tax** on the profit gained on the sale of an asset. If a beneficiary of an estate waits a year before selling an asset, that sale will be subject to a “long-term” capital gain on their income tax and not the higher short-term rate.

The Bottom Line for Executors

Think twice before trying to piece the estate tax puzzle together on your own. Consider enlisting the help of an accountant, estate planning attorney, or administrator.



Settling Their Estate

Did your loved one put their wishes into a will? Is it valid? And did they let you know where they put it?

For their will to be valid, your loved one must have been of legal age and sound mind (“testamentary capacity”) when, with intention, they voluntarily signed the will. Two “disinterested” parties—individuals who will not personally benefit under the will—must have witnessed the signing of the will.

Probate

If the will is valid and names you as executor, one of your first tasks is determining which assets must go through the probate process.

Elder Law Answers

describes the process succinctly: “Probate is the process through which a court determines how to distribute the property after your loved one dies. Some assets are distributed to heirs by the court (probate assets) and some assets bypass the court process and go directly to beneficiaries (non-probate assets).”



Settling Their Estate

“The probate process includes filing a will and appointing an executor or administrator, collecting assets, paying bills, filing taxes, distributing property to heirs, and filing a final account. Probate assets are any assets that are owned solely by the decedent.” They include the following:

- **Real property** that is titled solely in the decedent’s name or held as a tenant in common
- **Personal property**, such as jewelry, furniture, and automobiles
- **Bank accounts** that are solely in the decedent’s name
- An **interest** in a partnership, corporation, or limited liability company
- Any **life insurance policy or brokerage account** that lists either the decedent or the estate as the beneficiary



Settling Their Estate

“Non-probate assets are anything that can pass directly to beneficiaries, avoiding the court-supervised probate process. They include, for example, some retirement accounts, real estate, bank accounts, and life insurance payouts.” Non-probate assets can include the following:

- **Property held in joint tenancy** or as tenants by the entirety
- **Bank or brokerage accounts held in joint tenancy** or with payable on death (POD) or transfer on death (TOD) beneficiaries
- **Property held in a trust**
- **Retirement accounts**
- **Life insurance or brokerage accounts** that list someone other than the decedent as the beneficiary

Once you locate the will, inventory the assets, and get appraisals, file the will with the local probate court. Follow these helpful steps from *The Executor's Guide* by Nolo Publishing:

- **Tally the value of the property subject to probate**, see how the title is held, and learn [your state's rules](#) on which estates qualify for simplified procedures
- If the deceased person left both a **will and a living trust**, as many people do, you'll need to work closely with the successor trustee, your counterpart in charge of trust assets



Settling Their Estate

- **Communicate** with beneficiaries
- **Take good care of estate assets** and collect money owed to the estate
- **Deposit the money** you collect in the estate bank account
- **Prepare and file a written report** to the appropriate agencies, all beneficiaries, and estate attorneys or administrators on your work as executor, including copies of accounting documents

Last Steps

Now for your final steps:

- 1 File your loved one's taxes
- 2 Pay all closing expenses
- 3 Distribute estate proceeds to the beneficiaries
- 4 Look ahead and review your own estate



Looking Forward

More work?

There's no better time than right now, with the process for settling an estate fresh in your mind, to take this extra step. Gather and file your will, advance medical directive, organ donation instructions, account numbers, passwords, email addresses, and phone numbers for your brokerage accounts, Thrift Savings Plans, IRAs, your mortgage, and any personal loans.

While you're reviewing your benefits, take a look at your life insurance policy. Are you carrying enough coverage? Have you taken advantage of other benefits offered with your policy? Use WAEPA's [Needs Analysis calculator](#) to determine how much life insurance you should consider.

Increased coverage can help your loved ones with outstanding financial obligations, such as personal loan balances and future expenses for education or retirement. Plus, WAEPA now offers a "living benefit" that provides protection against the high cost of a [chronic illness](#).

Yes, it's more work. But think of it this way: Someday your spouse or child will thank you not only for the estate you leave them but also for the love and thoughtfulness you put into preparing it.

And, after all the work, time, and stress, give yourself a pat on the back for honoring your loved one's final wishes.



Glossary

Capital Gains Tax

Almost everything you own and use for personal or investment purposes is a capital asset. Examples include a home, personal-use items like household furnishings, and stocks or bonds held as investments. When you sell a capital asset, the difference between the adjusted basis in the asset and the amount you realized from the sale is a capital gain or a capital loss. [IRS]

Estate Tax

The Estate Tax is a tax on your right to transfer property at your death. It consists of an accounting of everything you own or have certain interests in at the date of death ([Refer to Form 706](#)). The fair market value of these items is used, not necessarily what you paid for them or what their values were when you acquired them. The total of all these items is your “Gross Estate.” The includible property may consist of cash and securities, real estate, insurance, trusts, annuities, business interests and other assets. [IRS]

Executor

(or Personal Representative)

A personal representative of an estate is an executor, administrator, or anyone who is in charge of the decedent’s property. Generally, an executor is named in a decedent’s will to administer the estate and distribute properties as the decedent has directed. An administrator is usually appointed by the court if no will exists, if no executor was named in the will, or if the named executor can’t or won’t serve. [[IRS: Publication](#)]

Gift and Inheritance Tax

If you give someone money or property during your life, you may be subject to federal gift tax. The estate tax is a tax on your right to transfer property at your death. It consists of an accounting of everything you own or have certain interests in at the date of death. [IRS]

Intent

A person has intent to make a will if at the time of the signing, they intend to make a revocable disposition of property in the event of their death.



Glossary

Legal Age

A person must be of legal age to make a will. Most states consider you to have legal capacity if you are 18 years of age or older, have been lawfully married, or are a member of the U.S. military.

Living Trust

A living trust (also called an “inter vivos” trust) is simply a trust you create while you’re alive, rather than one that is created at your death. Different kinds of living trusts can help you avoid probate, reduce estate taxes, or set up long-term property management.

Probate

A probate is a legal process in which a will is reviewed to determine whether it is valid and authentic. Probate also refers to the general administering of a deceased person’s will or the estate of a deceased person without a will. The court appoints either an executor named in the will (or an administrator if there is no will) to administer the process of collecting the assets of the deceased person, paying any **liabilities** remaining on the person’s estate, and finally distributing the assets of the estate to **beneficiaries** named in the will or determined as such by the executor. [\[Investopedia\]](#)

Signed, Dated and Witnessed by Two Other Parties

A will can be handwritten on a single piece of paper or elaborately typed within multiple pages, depending on the size of the estate and preference of the testator. It must also be signed and dated by the testator in front of two “disinterested” witnesses, who must also sign. Disinterested witnesses include those who will not personally benefit under the will (like beneficiaries).

Testamentary Capacity

In most states, a person has “testamentary capacity” if they have a sound mind, meaning the testator must know that he or she is making a will and its effect; understand the nature and extent of the estate; and understand that he or she is disposing of property and assets.

Voluntary

A will must be voluntarily entered into and signed by the testator. A will executed by a person who was coerced into signing the will, or who signed the will under duress, is not considered to be a valid will.



Resources

[AARP](#)

[Consumer Reports](#)

[Donate Life](#)

[EstateGuidance](#)

[Equifax](#)

[Experian](#)

[Federal News Network](#)

[FEGLI](#)

[Investopedia](#)

[National Academy of Elder Law Attorneys](#)

[National Elder Law Foundation](#)

[NOLO](#)

[Office of Personnel Management \(OPM\)](#)

[Social Security Administration](#)

[The Balance](#)

[TransUnion](#)

[USA.gov](#)

[Internal Revenue Service \(IRS\)](#)

The IRS provides a host of sites and documents to help you close an estate:

- Deceased Persons - Getting Information from the IRS
Find out how to receive tax information of a decedent or their estate.
- Understanding the General Duties as an Estate Administrator
Learn about the general responsibilities of the legal representative for the decedent and his or her estate.
- Getting the IRS to File a Proof of Claim in a Probate Proceeding
Find out which IRS office to contact for assistance.
- Filing the Final Return(s) of a Deceased Person
Learn about filing requirements, getting transcripts and payment arrangements.
- Filing the Estate Income Tax Return (Form 1041)
Explanation of filing requirements and how to get an EIN for the estate.
- Selling Real Property that is Part of the Decedent's Estate
Provides instructions on how to obtain a release of lien on the decedent's property.
- Protecting the Deceased's Identity from ID Theft
Tips to reduce the risk of having a deceased person's identity stolen.
- **Filing Estate and/or Gift Tax Returns (Forms 706 or 709)**
Provides links to various topics on Estate and Gift tax issues.
- Getting an International Estate Transfer Certificate
Provides an explanation of the Transfer Certificate and how to obtain one.

