

Leaving La La Land

There's nothing like a discussion of death and disability to send people to *La La Land*. As in, "*La la la, I can't hear you.*"

Typically, they have three concerns: infirmity, mortality, and loss of control. Well, they can take their hands down from their ears and put them to good use by adding a **Red File** to their existing collection of estate-planning documents. By doing so, they will see an increase in their level of control.



A Red File is a notebook, a file, or other consolidated set of directions. It aids family members or personal representatives in making sure your desires are followed and implemented. Their job is not easy.

Few people appreciate the number of decisions a guardian must make on behalf of an incapacitated person. By listing, in your Red File, housing and medical preferences along with simple living and dining favorites, you avoid making someone guess at what you wanted.

That same level of uncertainty exists for the executor of your estate. *Where are the assets? How many bank accounts? Did she have 2 or 3 IRAs? Was there any life insurance? What passwords are needed to access an account?* It quickly becomes clear that there was information only you had a handle on.

To start, a Red File should cover three main subjects: future care; financial matters; and a list of personal information.

Planning for future care includes big picture items such as medical and living preferences. *Home healthcare? Living facility? Live with a relative? What's physically or financially possible?* The more detailed the better. Including information on personal interests and hobbies can guide a caretaker after you've lost the ability to voice an opinion.

In respect to money, the Red File can provide guidelines on how your designated agent might allocate funds. For example, if you want to live in a family member's home while disabled, *should your assets pay to remodel the home or to purchase a larger home? Should the caregiver receive financial support?* Having your Red File answer these types of questions can avoid unrest among family members.

When dealing with personal information the Red File should include info about *digital accounts and automatic payment plans*. You have heard that privacy policies and user agreements can make shutting down a social



media page or an email account nearly impossible without the necessary passwords.

Here's a partial list of items for your Red File:

- List of assets and accounts (include safe deposit boxes, deeds, and whereabouts of estate documents)
- List of liabilities: credit cards, debit cards, mortgages, car payments, and other recurring bills
- Social media/online accounts: Pay special attention to those you are subscribed to (e.g., *Netflix*), cloud storage accounts, and online photo storage; user names, pass codes, answer to security prompts
- Subscriptions & memberships
- Insurance: life and health insurance, long-term care, disability, home, auto, agent contact
- Home maintenance: water, gas, electricity, telephone, alarm, lawn care, cable television, internet and phone services
- Medical: medical conditions, medications, physicians, emergency contacts
- Personal: birth certificates, marriage certificates, Social Security card, driver's licenses, passports, location of firearms, burial/cremation preferences, funeral plans, pre-paid

funeral expenses, and the keys to the lake house

- Key contacts: financial and legal advisors, doctors, family members, close friends Everyone's Red File will contain different information.
- Legal Documents: Wills, Living Wills, Letters of Instruction, and Powers of Attorney, trust documents for trusts for which you are a trustee, Trust documents of entities in which you have a beneficial interest, contact information for all advisors, executors, trustees and guardians
- Tax returns for the last three years
- A complete list of assets and liabilities containing details of ownership and the contact information for all persons and entities relevant to the ongoing status of that asset or liability)

Hopefully, as you review this checklist, you will begin to appreciate the number of things your loved ones may not know. What's more, this may be a good time to sit down with your advisor at Strategic Financial Partners to develop an overall wealth strategy approach. Start re-gaining control by contacting your advisor today.

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