

# 2024 · WHAT ISSUES SHOULD I CONSIDER IF MY SPOUSE HAS BEEN DIAGNOSED WITH A TERMINAL ILLNESS?

CASH FLOW ISSUES	YES	NO
<p><b>Do you and your spouse need additional cash flow now?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>Accelerated death benefits or a life settlement on any life insurance policies could provide access to proceeds during your spouse's lifetime.</li> <li>Regardless of age, distributions from your spouse's retirement account could avoid a 10% penalty (if their doctor expects they will pass away within 7 years). Distributions may also be repaid within 3 years.</li> <li>If there is group life insurance, an accelerated benefit rider may be available for terminally ill policyholders.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will your spouse need long-term care in a nursing home or home health care?</b> If so, consider the financial impact it will have on cash flow and assets. Consider Medicaid planning and reverse mortgages.</p>	<input type="checkbox"/>	<input type="checkbox"/>

ESTATE PLANNING ISSUES	YES	NO
<p><b>Does your spouse need a new or updated Will and/or Trust?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your spouse need new or updated General and Health Care Powers of Attorney and a Living Will?</b> The Powers of Attorney will allow your spouse to designate a representative in the event of incapacity, and the Living Will expresses end-of-life wishes.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will your spouse's estate exceed their remaining federal estate and gift tax exclusion amount (\$13.61 million, if no lifetime use), or will your combined estates exceed your remaining combined exclusion amounts (\$27.22 million, if no lifetime use)?</b> If so, consider strategies to plan for a possible federal estate tax liability.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to develop a gifting strategy?</b> If so, you and your spouse can each gift up to your annual exclusion amount of \$18,000 (per year, per donee) gift tax-free. (continue on next column)</p>	<input type="checkbox"/>	<input type="checkbox"/>

ESTATE PLANNING ISSUES (CONTINUED)	YES	NO
<p><b>Do beneficiary designations need to be updated?</b> Check to see if beneficiary statuses have been updated for all accounts, retirement plans, and insurance policies.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do the titles of your accounts (investment and bank) need to be reviewed or updated?</b> Consider adding TOD to any brokerage accounts, POD to any bank accounts, or titling accounts to a revocable living trust to avoid passing through probate.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are there digital assets that should be preserved?</b> Steps should be taken prior to your spouse's passing to ensure that digital assets transfer to heirs.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you and your spouse own multiple properties?</b> Ensure that residency is clear for probate purposes and consider titling out-of-state real property to a revocable living trust to avoid the potential for probate occurring in multiple states.</p>	<input type="checkbox"/>	<input type="checkbox"/>

INSURANCE ISSUES	YES	NO
<p><b>Can your spouse take steps now to plan for Medicaid?</b> If so, remember the look-back period is generally five years from the date of Medicaid application.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your spouse have any long-term disability insurance or life insurance?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>Your spouse may be able to elect the "disability waiver of premium."</li> <li>Review the elimination period and file a claim accordingly.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is your spouse currently employed?</b> If so, your spouse may be eligible for short-term disability benefits through work.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your spouse have LTC insurance, an LTC rider on life insurance or on an annuity, or critical illness insurance?</b> If so, review the benefit triggers for the policy. (continue on next page)</p>	<input type="checkbox"/>	<input type="checkbox"/>

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INSURANCE ISSUES (CONTINUED)	YES	NO
<p><b>If your spouse is eligible for Social Security Disability Benefits, will there be a need for health insurance?</b> If so, remember that your spouse must be receiving benefits for two years before becoming eligible for Medicare, if under age 65.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will the illness prevent your spouse from working?</b> If so, reference the “Do I Qualify For Social Security Disability Benefits?” flowchart to see if your spouse is eligible for benefits.</p>	<input type="checkbox"/>	<input type="checkbox"/>

TAX PLANNING ISSUES	YES	NO
<p><b>Do you need to determine whether medical expenses will be deductible?</b> If so, your spouse can deduct unreimbursed medical expenses that exceed 7.5% of AGI, which includes: transportation to healthcare appointments, modifications to a home or car for medical reasons, privately hired in-home healthcare employees, and possibly LTC insurance premiums (limited based on age).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will unreimbursed medical expenses exceed your taxable income?</b> If so, consider doing a Roth IRA conversion to take full advantage of the medical expense deduction.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is there a capital loss carryforward on your tax return attributable to your spouse?</b> If so, consider selling an asset at a gain to offset the carryforward loss. Your spouse's carryforwards can be used on their final tax return, but will be lost thereafter.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are there any unrealized tax losses in an account owned by your spouse?</b> If so, consider harvesting the unrealized losses or consider gifting the asset to preserve the loss and avoid the step-down in basis.</p>	<input type="checkbox"/>	<input type="checkbox"/>

ASSET & DEBT ISSUES	YES	NO
<p><b>Will there be any debts that will be due upon death (commercial loans or medical expenses) or will any debts be discharged upon death (student loans)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your spouse have any stock options, grants, or restricted stock units?</b> If so, consider planning opportunities and how these assets will impact your tax liability and your cash flow planning.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will there be expenses that require you to sell any investments?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did your time horizon, investment objectives, or risk tolerance change?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If your spouse is a business owner, do they have an exit strategy or a succession plan?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If you have annuities or illiquid assets, do they need to be reviewed to understand options?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you own taxable investments with an unrealized gain?</b> If so, consider gifting them to your spouse so that you receive a step-up in basis at their death, if their death occurs more than one year after the date of the gift.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Could there be pensions and/or employer retirement benefits that you may be forgetting?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p><b>Are there any state-specific issues that should be considered (including out-of-state property or estate tax liability)?</b> If so, some states have unique rules that can have a material impact, such as a liability for the surviving spouse to pay for the expenses associated with the illness of the spouse.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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