**Wealth Transfer Checklist - Fidelity**

**An all-in-one wealth transfer checklist**

Four steps to help you plan for the transfer of wealth and your values to loved ones.

Money is one subject that families are often reluctant to talk about. Death is another. Combine them—as in talking about your estate plan—and avoidance is a common reaction.

Nonetheless, talking with family members about plans to protect and transfer assets can help avoid unwelcome surprises and unnecessary stress after you or your spouse passes. Talking about money and values can also strengthen family ties and develop a shared purpose while you are alive and able to enjoy the results.

Of course, deciding how and when to bring family into your estate planning process is a very personal and sometimes difficult decision. “Consider easing into the discussion with a topic that resonates more easily, such as charity,” says Kevin Ruth, head of wealth planning and personal trust at Fidelity. “Discuss your vision for your family, your children, and your wealth, and the impact you want to have on society. The more you can get everyone feeling engaged and empowered, the better these conversations will go.”

For more on how to have constructive family conversation about money, read *Viewpoints*: [Family money talks](https://www.fidelity.com/viewpoints/personal-finance/family-conversations%22%20%5Co%20%22Family%20money%20talks%3A%20failure%20to%20launch). Meanwhile, kick-start your estate planning process with our four-step wealth transfer and asset protection guide.

**1. Pinpoint your family vision.**

**✓  Start by creating a family tree**. To best explore all the options for building your specific plan, your attorney will need to know all the players in your family—or families—and how they may factor into your intentions.

**✓  Understand your wealth transfer objectives.** Consider who you want to receive a portion of your assets and when. Then put together a list of objectives, covering such topics as:

* **Wealth transfer:** How can you help ensure that your assets are transferred smoothly to your heirs? Beyond having a will and estate plan, you may want to set up trusts.
* **Health care:** How do health care and/or long-term-care needs factor into your plan? Fidelity estimates that an average 62-year-old couple will spend $220,000 in retirement on health care costs.1
* **Incapacitation:** Whom do you want to make key decisions to help protect your family if you’re unable to make your wishes known? One of three seniors dies with Alzheimer’s disease or some other form of dementia.2
* **Philanthropy:** What causes are most important to you and your family? How do you want to support them?
* **Living expenses:** Do you want to provide financial assistance to family members, such as your parents, children and/or grandchildren, or to relatives who require special care?
* **Education:** Do you want to contribute to your children's or grandchildren's education? Contributions to 529 college savings plans or direct tuition payments to an institution can lower your taxable estate.

**2. Identify your assets and liabilities.**

When planning for your family’s financial future, be comprehensive. Start out by creating a personal balance sheet.

**✓  Catalogue all your assets, their location, and value**—financial accounts (including retirement accounts), share certificates or investments not located in financial accounts, real estate, business interests, safe deposit boxes, tangible personal property, mineral rights, life insurance, mortgages or notes owed to you, and any other assets (trusts, investment interests, etc.).

**✓  List all your liabilities**—mortgages, secured debt (e.g., car loans) and unsecured debt (e.g., credit cards). Be sure to include shared obligations and those you have guaranteed, such as a student loan or mortgage for a child or grandchild.

**✓  Record ownership/titling** for each asset and liability.

Read: [Estate Planning Strategies by Asset](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/overview%22%20%5Co%20%22Estate%20Planning%20Strategies%20by%20Asset)

**3. Focus on your legal documentation.**

Before you meet with an estate planning attorney, you will need to pull together key documents.

**✓  Start by getting copies of beneficiary designations** for all your accounts, including insurance policies; annuities; and saving, brokerage, and retirement plan accounts.

**✓  Learn about the common documents found in an estate plan:**

* **A will** is an essential legal document that sets forth your wishes regarding the distribution of your property and the care of any minor children when you die.
* **A trust** is a more complex legal structure that contains a set of instructions on exactly how and when to pass assets to trust beneficiaries. Trusts are a tool that can allow you to control when and to whom your assets will be distributed. For more on trusts, read *Viewpoints*: [Is your financial situation “trust” worthy?](https://www.fidelity.com/viewpoints/personal-finance/trust-worthy-situation%22%20%5Co%20%22Is%20your%20financial%20situation%20%5C%E2%80%9Ctrust%5C%E2%80%9D%20worthy)

**✓  Consider additional supporting documents** intended to protect you and provide instructions in the event of your incapacity. Among them:

* **A power of attorney** appoints an agent to act on your behalf regarding financial and other matters while you are alive.
* **A health care proxy** names the agent who can make health care decisions for you if you are unable to communicate for yourself.
* **A HIPAA release** informs doctors and other hospital staff of people who can visit you and the information they can receive if you are unable to state your wishes directly.
* **An organ donation form** enables you to state your desire to have all or part of your body donated for transplant or medical research.
* **A living will or medical directive** outlines your wishes regarding life-prolonging medical treatments, and may vary depending on your state of residence.
* **A final wishes letter of intent** is not a legal document but can be a catchall for anything you want to document, including the type of service, burial, or cremation you want.
* **A letter of instruction** usually contains the critical information your family will need in the event of your incapacitation or death, including a contact list of your advisors, a current inventory of your assets, a list of legal documents, and instructions on where to find important information.

**✓  Determine key roles.** Choosing and documenting the appropriate people to fulfill the following key roles in your estate plan is a critical task for you and your family. It is also important to make sure the people you designate are comfortable taking on these roles, and that you consider successors for each of them:

* **Personal representative/executor** will work with your attorney — and potentially the court system — to ensure the collection and disposition of your assets to the appropriate people in accordance with your wishes.
* **Trustee** is the individual or professional corporate trustee who will hold the trust assets on behalf of the trust beneficiaries. The trustee has the fiduciary obligation to make sure trust assets are properly invested and distributed according to the instructions in your trust.
* **Guardian** is the individual who is legally responsible for the personal and property interests of your minor children. Note: You may designate different parties to care for your children and to manage their assets.

**✓  Meet with your attorney.** Typically, your first meeting offers the opportunity for the attorney to describe his or her estate planning process and review any documents you bring to the meeting. Your attorney should also discuss his or her fees, tell you how long it will take to draft your plan’s documents, and answer any questions you or your family may have.

Once you have chosen an attorney, the process usually has three phases:

**✓  Draft and execute your documents:** At this stage, generally your attorney will draft and review all your new estate planning documents with you and have you sign them. Depending on your state of residence, there may be specific requirements as to the form or content of these documents or the manner of execution. For example, some states require that signatures be witnessed or notarized if your family’s needs or plans change, so you’ll want to ensure that you can amend your documents.

**✓  Implement your estate plan:** After you have signed your documents, your attorney can help you with the follow-up steps required to complete your estate plan. These may involve retitling assets between you and your spouse, completing or amending beneficiary designations, and retitling assets in the name of a trust.

**✓  Store your documents in a safe place:** You can either store your estate plan and other important documents in your attorney’s office or select a fireproof place — such as a bank safety deposit box — that someone close to you can access in an emergency. Many families today use secure virtual safes, including [Fidelity’s](https://www.fidsafe.com/%22%20%5Co%20%22Fidelity%E2%80%99s%20FidSafe%EF%BF%BD)[3](https://www.fidsafe.com/%22%20%5Co%20%22Fidelity%E2%80%99s%20FidSafe%EF%BF%BD) [FidSafe](https://www.fidsafe.com/%22%20%5Co%20%22Fidelity%E2%80%99s%20FidSafe%EF%BF%BD)[®](https://www.fidsafe.com/%22%20%5Co%20%22Fidelity%E2%80%99s%20FidSafe%EF%BF%BD), to store copies of important documents and other information, such as passwords, financial statements, and wills.

Read *Viewpoints*: [Estate plan pitfalls to avoid](https://www.fidelity.com/viewpoints/personal-finance/estate-plan-pitfalls%22%20%5Co%20%22Estate%20plan%20pitfalls%20to%20avoid) and [Five ways to protect what’s yours](https://www.fidelity.com/viewpoints/personal-finance/protect-whats-yours%22%20%5Co%20%22Five%20ways%20to%20protect%20what%E2%80%99s%20yours) for more information.

**4. Follow up on your plan.**

Now that you have your plan in place, you should continue the vital discussions you’ve already started with your family members regarding the details of your plan. Sharing the particulars of your plan is a highly personal decision. But helping your loved ones better understand your intentions before any incapacitation or death is something to carefully consider.

Finally, review your plans as circumstances change. As a general rule, you should have the estate planning documents reviewed every three to five years. In addition, you should review your plan when major life events occur, such as marriage, the birth of a child, divorce, the receipt of an inheritance, or death.

**Estate Planning Strategies by Asset**

After you’ve considered the people in your life who will inherit your legacy, the next step is to list your assets and understand how they are passed to beneficiaries.

**List what you have**

Make a list of your assets; include all financial accounts, real estate, businesses, and valuable possessions. Take into consideration your budget and what you’ll need to live yourself; what is likely to be left over?

Your unique mix of assets will determine the best course of action for each asset type. You’ll have to consider what is part of your taxable estate, what is likely to go through probate (and if you can take action to avoid it), as well as the total value of your taxable estate. Considering all your assets and the best way to treat each one can be complex; working closely with your attorney or tax advisor is recommended.

**Learn about your assets**

For each of the major asset types you own, find more details on how they can be handled in an estate and avoid common mistakes.

**[Investment accounts](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/brokerage%22%20%5Co%20%22Investment%20accounts)** Keeping transfer on death designations up to date is the key to passing on investment accounts.

**[Cash and bank accounts](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/cash%22%20%5Co%20%22Cash%20and%20bank%20accounts)** Although cash may have the advantage of liquidity, it may require extra planning to minimize taxes.

**[Retirement accounts](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/retirement-accounts%22%20%5Co%20%22Retirement%20accounts)** Timing and taxation of distributions are especially important when passing on retirement accounts.

**[Real estate and other valuables](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/real-estate-other%22%20%5Co%20%22Real%20estate%20and%20other%20valuables)** Real estate is a commonly bequeathed asset, which is subject to its own legal restrictions.

**[Succession planning for businesses](https://www.fidelity.com/estate-planning-inheritance/estate-planning/asset-strategies/own-business%22%20%5Co%20%22Succession%20planning%20for%20businesses)** Owning your own business has unique implications for estate planning.

**Consider life insurance**

Life insurance through an estate plan can be an efficient way to transfer your wealth to your beneficiaries. There are two types of life insurance: temporary life insurance, such as term life insurance; and permanent life insurance, such as whole life insurance or universal life insurance. Term life insurance enables you to protect your dependents for a specific period of time in the event of your premature death by providing resources to cover debt obligations and your lost income. Permanent life insurance covers you for your lifetime. One way to incorporate permanent life insurance into your estate plan is through a properly established irrevocable life insurance trust that allows for the proceeds to transfer to your beneficiaries upon your death without estate taxes. Under current law, both temporary and permanent life insurance proceeds are transferred income tax-free to your beneficiaries.

Permanent life insurance with an irrevocable life insurance trust can be an efficient and effective way to transfer your wealth and leave a legacy to your heirs, while term life insurance can be used to replace lost income in your working years in the event of your premature death. As mentioned previously, working closely with your attorney or tax advisor is recommended.