2021 · WHAT ISSUES SHOULD I CONSIDER IF MY PARENT PASSED AWAY?

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CASH FLOW ISSUES	YES	NO
Was your parent married when they passed away? If so consider the following: ■ If your parent was receiving Social Security benefits, their surviving spouse may be eligible for survivor benefits. ■ If the surviving spouse is receiving a government pension based on earnings that were never subjected to Social Security taxes, reference "Will I Avoid Social Security's Government Pension Offset?" flowchart.	☐	☐
Did your parent reach their Required Beginning Date, or were they taking an RMD (from an inherited IRA) at the time of their death? If so, the beneficiary(ies) must satisfy any remaining RMD amount on behalf of your parent before the end of the year.	☐	☐
Was your parent receiving a pension? If so, payments may stop or, if your parent was married, be adjusted for survivor benefits.	☐	☐

ESTATE SETTLEMENT ISSUES	YES	NO
Do any accounts or other assets require ownership to be updated?	☐	☐
Will any beneficiary be inheriting any of your parent's assets and have more assets than they need to maintain their lifestyle? If so, and acceptable contingent beneficiaries have been named, they may wish to disclaim these assets to shift them to other beneficiaries. This generally must be done within nine months of the date of death.	☐	☐
Will your parent's estate exceed their remaining federal estate and gift tax exclusion amount ($11.7 million, if no lifetime use), or will your parents' combined estates exceed their remaining combined exclusion amounts ($23.4 million, if no lifetime use)? If so, consider the following: ■ Your parent's estate may have a federal estate tax liability due. ■ Proceeds from a life insurance policy owned by the deceased and values of retirement accounts are included in the gross estate. (continue on next column)	☐	☐

ESTATE SETTLEMENT ISSUES (CONTINUED)	YES	NO
■ If your parent was married, to maintain portability of unused exemption, the estate must file IRS Form 706 (even if a 706 is not otherwise required). If a 706 is filed only to elect portability, it is due within two years of the date of death.		
If there is an estate tax liability, was the total value of the estate on the date of death greater than the value at six months after the date of death? If so, you may elect on Form 706 to use the alternate valuation date to reduce estate taxes, valuing all assets as of six months after the date of death (unless sold within that period).	☐	☐
Could there be property and assets not yet identified? If so, consider the following: ■ Look at the "points" feature on credit cards and "miles" with airlines to see if they are transferable. ■ Check for safety deposit boxes but be sure to follow probate rules before opening. ■ Search state agencies and unclaimed property sites that are run by many state treasurers.	☐	☐
Do you expect to inherit any assets from your parent or was your parent included in your own estate plan? If so, consider updating your own estate plan.	☐	☐
Are there digital assets that should be preserved?	☐	☐

INSURANCE ISSUES	YES	NO
Was your parent employed at the time of death? The employer/union may provide group life insurance and/or compensation related to their employment.	☐	☐
Was the death accidental or work related? If so, consider the following: ■ Some financial institutions and professional associations may offer a small lump-sum benefit. ■ The employer/union may offer additional death benefits. ■ If your parent was married, the spouse may be eligible for worker's compensation and/or death benefits. (continue on next page)	☐	☐

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INSURANCE ISSUES (CONTINUED)	YES	NO
■ Some life insurance policies have an "accidental death" provision for higher benefits.		
Was your parent a veteran? If so, there may be death and burial benefits, survivor pension, and other benefits.	☐	☐
Did your parent have a child under age 18 or a child permanently disabled? If so, your parent's spouse and/or the child may be eligible for Social Security benefits.	☐	☐
Could there be any life insurance owned by your parent or insuring the life of your parent that has not been identified or claimed?	☐	☐

TAX ISSUES	YES	NO
Did your parent own a home and were they survived by a spouse? If so, the surviving spouse may still qualify for the $500,000 capital gains housing exclusion if the home is sold within two years of your parent's death, and other conditions are met.	☐	☐
Did your parent own other property jointly, such as an investment account? If so, the joint owner may receive a step-up in basis for assets passing from your parent. Reference "Will I Receive A Step-Up In Basis For This Inherited Property?" flowchart.	☐	☐
Have all your parent's prior income taxes been paid (not including any estate taxes)? Contact the IRS and the state taxing authorities to pay any taxes or to check if any back taxes are due.	☐	☐
Did your parent file as Married Filing Jointly? If so, the surviving spouse can continue to file as MFJ in the year your parent passed away.	☐	☐
Was your parent married and did they have a dependent child? If so, your parent's spouse may be able to use the Qualifying Widow(er) tax filing status for the two tax years following the year your parent passed away.	☐	☐

INVESTMENT & ASSET ISSUES	YES	NO
Did your parent have stock options, grants, or restricted stock units? If so, consider the following: ■ Check employer plan documents to understand how these assets are treated after your parent's death. ■ Beneficiaries should be aware of potential tax ramifications of accelerated stock vesting.	☐	☐
Has the change in circumstances altered investment objectives or risk tolerance for family members inheriting assets?	☐	☐
Was your parent married and did they have carryforward investment losses? If so, consider having the surviving spouse realize investment gains in the year of death. Your parent's carryforwards can be used on their final tax return, but will be lost thereafter.	☐	☐
Did your parent own an annuity? If so, consider the following: ■ Your parent's spouse (if applicable) may be able to inherit a non-qualified annuity as their own if they were listed as beneficiary on the policy. ■ A non-spouse beneficiary will have to take required distributions from a non-qualified annuity. ■ Non-qualified annuities do not receive a step-up in basis, so be aware of potential tax ramifications with distributions.	☐	☐

OTHER ISSUES	YES	NO
Do you need to reduce the threat of identity theft? If so, cancel your parent's email accounts, social media accounts, and driver's license, and notify credit bureaus, the election board, etc.	☐	☐
Are there any state-specific issues that should be considered (including out-of-state property or estate tax liability)?	☐	☐

Securities
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Traditional
IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.

A Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax-free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax.

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