

Mother's death offers lessons for managing affairs after a loved one passes

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By Teresa McUSIC

My mother passed away about six months ago, and my dad just recently finished off his financial tasks of dealing with her Social Security, credit cards, auto insurance, funeral homes and cemeteries. We both learned a lot in the process that is well worth passing on.

First, while the funeral home generally sends notice of a death to the Social Security Administration, which immediately cuts off monthly benefit checks, Dad was entitled to a \$255 death benefit — something that SSA does not notify you about in any form and I suspect most spouses don't know they can get.

The lump sum death benefit applies when the lower-earning spouse dies, said Angie Hoquang, spokeswoman for the SSA in Dallas. If the higher-earning spouse dies, the widow or widower receives the larger monthly benefit check of their spouse.

The process to file for a lump sum benefit is simple, if you follow the right steps. My 87-year-old father went to the SSA office in Tulsa, where he lives, and the place was packed. He knew they would never get to his number before the office closed. Hoquang said all SSA offices across the country are open from just 9 a.m. to 3 p.m. Monday through Friday, except on Wednesday — when they close at noon.

So we took to the phone to reach SSA. After dialing the main number, 800-772-1213, we were told it would be a 40 minute wait because of the large volume of callers. But it was worth it to hang on. When he finally spoke to a live person, Dad learned he could file for the death benefit by mailing a copy of the death certificate, marriage license and his birth certificate to SSA, or he could set up an appointment and bring the documents into the office.

My father is a hands-on kind of guy, so he opted for the appointment. He sailed in and out of the SSA office in under 30 minutes and filed the necessary paperwork.

Bottom line: Set up an appointment before you go to the SSA office. Hoquang said appointments are taken before walk-ins. You have two years from the date of death to file for the spousal survivor benefit.

The second hitch my Dad came across was with his auto insurer. When he called to take my mom's name off the policy, the company said it would be charging him an additional \$200 to make the change to a single policy holder.

My Dad wasn't too happy about this and asked me to find him three good insurers that he could get quotes from. I did some research and found three with good financial ratings, customer reviews and industry rankings. He got quotes from all three and found each one was about 30 percent lower than what he had been paying, so he switched.

Bottom line: Don't accept extra charges or rate increases on auto insurance. Instead, shop around. You may be surprised at how easy it is to reduce premiums.

The third problem that arose was with a credit card in my Mom's name with my Dad as an add-on account holder. When Dad called to get my Mom's name off the card, the credit card company canceled the card completely — and worse, immediately turned the last bill over to a collection agency without sending it to my father for payment. Dad has several recurring monthly charges, including a life line call button, which had to be switched to another card.

Every creditor handles the death of an account holder differently, but they may hire collection agencies to help, said Mark Schiffman, spokesman for the American Collectors Association International, an industry trade group.

"That does not mean the collection agency owns the debt," he said. "They are being hired as specialists to work with the estate on behalf of the creditor."

Several months later, my Dad received a phone call from a collection agency asking how my mother's estate would handle the debt. He told them he would pay it when he saw the final bill so he could make sure the charges were accurate. The representative agreed and worked with the credit card company to get the bill sent. Once he confirmed the charges, Dad paid the bill.

Bottom line: Schiffman recommends picking up the phone and talking to a debt collector rather than avoiding the call. If the remaining spouse was not a co-signer on the card, they are not responsible for the debt. But the creditor will still want to collect if there is an estate.

My parents had a will, which made transferring assets very simple. My mother's main asset — her Individual Retirement Account (IRA) — was able to be transferred into my dad's IRA by a phone call to the broker. IRAs, 401(k)s, annuities and life insurance have named beneficiaries and transfer outside of a will and probate, said Burk Rosenthal, a CERTIFIED FINANCIAL PLANNER™ professional and president of Rosenthal Retirement Planning in Fort Worth.

"We tell our clients all the time that a beneficiary designation is often more important than a will," he said. "Often their biggest assets pass outside of a will."

Because both of my parents were in their 80s, the transfer of the IRA was easy. But if one of my parents had been younger than 70 1/2 or I had inherited the IRA, being younger than age 59 1/2, there would be some complicated decisions to make.

Bottom line: The rules of transferring IRAs to beneficiaries of certain ages can be complicated. This is one case where a financial planner's assessment could be helpful.

My parents had made arrangements a year earlier with a crematorium, which they prepaid at \$1,000 each. When my mom died, Dad just had to tell the hospital of the arrangement and the crematorium did the rest. All we had to do was pick out an urn when we picked up her ashes. We needed no other services from the crematorium, which also was a funeral home.

Bottom line: Pre-arrangements for funeral and cremation services can save you a lot of stress trying to make financial decisions during a difficult emotional time. For a list of low-cost cremation providers in North Texas and shopping tips, go to the Funeral Consumers Alliance of North Texas website at www.FCANT.org.

Since then, my Dad and I have looked into having my mom's ashes buried for free at a military cemetery, a nice benefit for veterans. All that is required is my Dad's military discharge papers, which he has kept in his safety deposit box for decades.

Burial benefits in a VA national cemetery are offered to veterans, spouses and minor children and include the grave site, opening and closing of the grave and care of the grave forever. Many national cemeteries have columbaria and special grave sites for cremated ashes. Headstones and markers and their placement are provided free by the government. For more information, go to www.military.gov and search for burial benefits.

Death of a loved one is never easy, but there are many ways to make the end of their financial path easier.

Teresa McUsic's column appears Saturdays. TMcUsic@SavvyConsumer.net

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