

# Planning for Those Who Are at the End of Life's Journey

By [Judith Gordon](#)

While death is inevitable for us all, many of us push the thought out of our minds as we go about our daily lives. However, if you were to receive a terminal medical diagnosis the thoughts that kept death in the background would no longer be possible and the inevitable end of your life could not be denied. The diagnosis could trigger a blitz of emotions including denial, anger, bargaining, depression, and acceptance. Once impending death is accepted, it is time to face the reality of death head on. In addition to being reflective and appreciative of your time left on this planet, the following “to dos” may help you feel more confident that you’ve left your personal and financial matters in the best possible state for grieving loved ones.

## Review end-of-life decisions

When death was a distant thought, you may have put your choices for end-of-life care in writing, completed an advance health care directive (which allows you to say how you want to be treated or cared for if you become seriously ill), and chosen a representative to speak on your behalf. Now, however, is the time to rethink end-of-life care and make certain that valuable conversations are had with health care providers and loved ones. An advance health care directive is the cornerstone of medical planning and makes end-of-life preferences clear if you are unable to communicate. That document alone does not guarantee enforcement so it's important to appoint someone as an agent for your health care who both understands and supports your wishes. You should take the time to communicate your wishes to your agent and medical team, as clearly and fully as possible.

At the same time, medical coverage should be reviewed and if possible, changes made to improve benefits or lower costs. Medicare typically covers a comprehensive set of health care services, including hospice care, that recipients are eligible to receive up until their death.

## Review legal and financial matters

An estate plan, which serves to manage your assets after your death, should be put together when you are healthy and of sound mind. It should be reviewed at least every five or six years or when there is a change in your personal or financial situation so it reflects your current wishes. If you are faced with a serious medical diagnosis, the following additional steps can be taken to prevent unnecessary legal fees, taxes, and costs in administering your estate after you're gone:

### **1. Prepare for incapacity with a durable power of attorney and appropriate health care documents**

You should make certain that your durable power of attorney and advance health care directive are effective immediately and do not require a doctor's letter indicating incapacity. Be sure that the attorney in fact (a person authorized to act on behalf of another) and agent for health care are trusted confidants.

### **2. Avoid probate by checking title to assets and funding of revocable trusts**

Double check beneficiary designations on life insurance and retirement accounts to make sure the information is up to date. Confirming the title of assets, knowing how assets will be transferred upon death, and funding of

revocable trusts may avoid probate and related unnecessary costs.

### **3. Review life insurance information**

Evaluate life insurance policies for terminal illness clauses (which pay out upon the diagnosis of a terminal condition and are included in some life insurance policies) to help eliminate questions about death benefits. Make certain that premiums are paid up to avoid coverage issues.

### **4. Review basis of assets, minimize IRD, and consider asset swaps or Roth conversions**

Depending on the kind of estate planning vehicles you have in place (e.g., irrevocable gift trusts), it may be possible to swap low basis assets in irrevocable trusts that do not get a step-up in basis to fair market value at death for higher basis assets in your name that would get a step-up in basis at death. Exchanging these assets could provide a significant savings on income taxes, leaving more wealth for beneficiaries.

In addition, it may be possible to avoid income in respect of a decedent (IRD) items, which includes individual retirement account distributions. IRD items are subject to both estate tax (when applicable) and income tax. While an IRD income tax deduction is available in estates that pay estate tax, the estate tax paid does not provide a dollar-for-dollar offset.

In certain circumstances, it may make sense to make a ROTH IRA conversion and pay the income tax due, thereby reducing the value of your estate for estate tax purposes and providing tax-free income to your beneficiaries.

### **5. Make charitable gifts and lifetime annual exclusion gifts**

For individuals whose estate is under the estate exemption amount and no estate tax will be owed, making charitable gifts during lifetime that provide some income tax savings makes sense. For estates that will be subject to an estate tax, charitable gifts can also be made by designating a charity as a beneficiary of a retirement account or naming a charity as a beneficiary of a will or trust, thus providing the estate with a charitable deduction and reducing the total estate tax owed.

Those with estates subject to estate tax can consider making annual exclusion gifts (\$16,000 per donee) and requesting that the recipients cash the checks as soon as possible. Annual exclusion gifts reduce the size of an estate for estate tax purposes and do not use any of your lifetime exemption allocation.

### **6. Consider an optimal Social Security strategy**

Some facing a terminal medical diagnosis may die before reaching full retirement age, which may affect their strategy for collecting Social Security. For married couples, it may be beneficial to review options to maximize survivor benefits.

## **Organize and share financial and digital information**

While it is crucial to make sure all legal and financial matters have been sorted out, it is also important that the right family members and trusted advisors have access to critical information at the appropriate time. Consider sharing passwords and providing account access to loved ones.

Whether you use (1) an online digital vault dedicated to organizing and storing legal documents, financial information, and personal items, (2) PDFs or hard copies of personal information guides, or (3) Excel spreadsheets or Word documents, having critical items organized will be a blessing to those in charge of your affairs.

## **Think about what's important and make those things a priority**

For those who spend their days doing what they love, life after a terminal diagnosis may not change too much. Focusing attention and spending time on what brings you happiness instead of just coping with the fact that death will happen soon may bring some relief. For example, if you love your work, you should continue to work. If you like the outdoors, you should spend time outside. If you enjoy spending time with grandchildren, you should focus on them. In other words, you should do whatever brings you the deepest sense of joy.

## Consider making videos and writing letters to loved ones

For some individuals, leaving special memories and thoughts for loved ones can be an important part of preparing for death. This may be especially true if you have young children who will grow up without many direct memories. Making memories can include giving special personal items to family and friends, recording a video of yourself sharing thoughts and emotions, or writing letters to loved ones. Letters to resolve conflict or difficulties with other people in your life may bring peace to all involved.

## Plan a funeral, memorial, or celebration, and gather obituary information

If you have special wishes about a funeral or memorial, you should let loved ones know ahead of time. While these events are in large part to comfort the living, if important, you can make the arrangements prior to your passing or let others know how you would like the event to reflect your life. Nobody knows your life story better than you, so while you do not have to write a full obituary, you can write out the key points for which to be remembered. Having a list of family members, friends, colleagues, and service providers to be contacted upon your death will also save family members time and certain anguish.

## Last thoughts

Perhaps you should not wait to prepare for death until you know that the end is near. Writer Mark Twain once wisely said, “The fear of death follows from the fear of life. A man who lives fully is prepared to die at any time.” If some of the financial and legal matters outlined above are addressed well before incapacitation or death, there will be fewer loose ends to revisit during final days and more time to focus on the things and people that matter most.

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