

IMAGINE THIS! You have saved money in your account for the past 30 years. You went through a divorce 20 years ago but never changed your beneficiary at the credit union. Your ex-spouse has also passed but the ex-spouse had children from the second marriage. Guess what. Your late ex-spouse's children get the money that you have saved for the past 30 years!

IMAGINE THIS! You have been joint owners on several credit union savings accounts with various family members. But there was a time you were undecided which family member should be on one of your accounts. You left the joint ownership section blank and you left the "Payable on Death" section blank but planned on adding someone later. You never had a will prepared either so when you passed your spouse had to spend money on an attorney, open an estate account, and then your spouse only received a child's portion of the balance. So, your spouse that expected to receive 100% of the balance only received 33% of the savings because there were two other adult children.

IMAGINE THIS! You were always a joint owner on your savings and checking account with your spouse, but your spouse passed away. You never updated your beneficiary information. You pass away and the money is divided by the court system between various family members (some you are very close to and some have been estranged from you for several years).

IMAGINE THIS! You and your fiancé have lived together for 10 years and you purchased a home together, but the deed was only in your fiancé's name. Suddenly your fiancé passes away. Your fiancé had children from a previous marriage. The home is now being sold and the money from the sale will be split between the children and you do not get any money even though you helped purchase this home.

IMAGINE THIS! You opened an account and did not designate a joint-owner or beneficiary on the account. You have 6 step children which you think of as your own children and they have always taken care of you and helped you with your finances. You have no biological children. You have passed away and your step children are trying to take care of your remaining debts and expenses. They are not entitled to any of your funds. The account would have to go through probate and eventually would cost your step children money to get your estate settled.

IMAGINE THIS! You and your spouse have recently been married but you have been together for the past ten years and have made purchases together for years. Each of you have a vehicle just in your individual name. You both have children from previous marriages and after you die your own children are wanting to keep your vehicle. Your children never paid anything on the automobile, but the children get the vehicle instead of your spouse who helped pay for the vehicle.

IMAGINE THIS! You move in with your significant other and you set up the utilities in your name. The home is in your significant other's name. He or She passes away. He or She had children from a previous marriage and those children come to the home and ask you to leave. Even though you are paying the utilities and have been living in the home it is now the children's home.

Questions? Please call us at 931.484.9433 ext. 136, 137, or 141



WHO GETS WHAT? WHERE YOUR MONEY GOES WHEN YOU DIE

In a perfect world, everything you own would go to your desired beneficiaries – exactly as you intended, according to your will.

Unfortunately, we don't live in a perfect world. If you die unexpectedly, your assets may well not go where you want them to unless you make arrangements in advance.

Probate - The first concept to understand is probate. This is a formal legal process in which the courts give everyone you ever owed money to a chance to file a claim against your estate. This process can take months and can be expensive. But some assets skip probate and go directly to family.

Intestate Laws - Once your assets clear probate, then no problem – the courts will distribute everything that's left according to your will. Absent a will, your state intestate laws take over. Each state has different intestate laws, and they may not reflect your wishes. Be sure to plan in advance!

Your home - Your home usually won't bypass probate. If your spouse lives with you, and owns the property with you, it will probably go to your spouse. However, if you are unmarried, live with a partner and don't leave a will, your house may go to your children. That may not be what you want.

Tip: Look to see how your home is titled. Does your spouse or partner own it with you as tenants in common, or tenants in the entirety? The answer can have huge ramifications. Consult an attorney to learn what that means in your state.

Bank accounts, stocks, bonds and CDs - These go through probate, although most states provide some provision for widows to access at least some of the cash to meet living expenses, pending the completion of probate. Consider putting your heirs' names on the account.

Life insurance - Life insurance bypasses probate. Death benefits are ordinarily tax-free and usually go to your beneficiary in a matter of days.

Retirement accounts - Retirement accounts such as IRAs, 401(k)s and 403(b)s also bypass probate – if you name a beneficiary. Otherwise, these accounts become part of your estate – and are subject to probate and the claims of creditors.

Annuities - Generally, annuity balances or death benefits go to the family and bypass probate, so long as there is a named beneficiary. If there is no named beneficiary, your family will have to wait on probate.

Stepchildren - Generally, intestate laws only recognize formal family relationships. Without careful planning, you may accidentally disinherit a stepchild or life partner.

The Bottom Line - The most important things to remember: Work with an experienced attorney licensed in your state, update your will, and update your **beneficiaries** on retirement accounts, life insurance policies and annuities.