

# NEXT STEPS:

A GUIDE TO FINANCIAL RESPONSIBILITIES FOLLOWING LOSS.





# Next Steps:

A GUIDE TO FINANCIAL  
RESPONSIBILITIES FOLLOWING LOSS.



Losing a loved one can bring about a number of legal and financial concerns. The goal of this guide is to outline the matters you'll need to address and to equip you with the information and resources you need to take care of them.

Let our dedicated team help you manage and settle details of your loved one's **USAA membership**. Navigating multiple lines of business can be challenging, our team is ready to assist and help you through the process.

Visit us at **[USAA.COM/Survivorship](https://www.usaa.com/survivorship)** or contact us Monday through Friday 7:30AM to 6:00PM CT at 1-800-292-8294

# COMMON TERMS

Some common terms you'll encounter during this process.

**Affidavit** A sworn statement in writing made before an authority figure such as an attorney.

**Administrator** Someone who is named to take charge of an estate or the assets of an individual who has died without leaving a will or formal instructions; similar to an “executor.”

**Beneficiary** A person who is designated to receive property or money pursuant to a legal instrument, such as a trust, a will or a life insurance policy.

**Certified** In this use, it refers to something genuine that has been officially approved or issued by a recognized authority such as a certified record or document from a financial institution or an attorney.

**Certified Death Certificate** An official document issued by a public registry verifying that a person has died, with information such as the date and time of death, the cause of death and the signature of the attending or examining physician. A certified copy will contain the local registrar's signature and a raised seal.

**Decedent** The individual who has died.

**Estate** All of the things owned by the decedent such as property, household goods and monies.

**Executor** Someone who is named in a will as the person who will make sure that the instructions in the will are properly followed.

**Inheritance** Money, property or goods received from someone upon that individual's death.

**Letter Testamentary** A legal order issued by the court confirming the appointment of an executor named in a will and granting the executor permission to manage the estate.

**Lien** A legal claim on property.

**Notary** Also known as a notary public, a person authorized to perform certain legal formalities, especially to draw up or certify contracts, deeds and other documents.

**Probate** The procedure by which a court decides that a document qualifies as a valid will or the process by which a person's estate is managed and distributed.

**Trust** A legal arrangement where assets are managed by an individual or organization after someone dies; a living trust that is created prior to someone's death and does not need to be made public or known to others.

**Will** A legal document in which a person states who will receive their possessions upon their death.

# IMMEDIATE STEPS

Place a check mark next to each item when you have obtained the document or completed the task.

## 1 GATHER INFORMATION

### Original Will

This may be located with the decedent's personal belongings, in a safe deposit box or with the attorney who prepared the will. It's recommended you have copies of the will for yourself and other family members to potentially alleviate any misunderstandings.

### Death Certificate

Request certified copies of the death certificate from your funeral director or county health department. A simple estate may require only 5-10 certified copies, while a complex estate may require 15 or more.

One way to limit the cost is to ask the institution to return the original certified copy after they have viewed and documented the certified copy in their system(s).

If you are serving as the administrator, executor or personal representative for the estate, consider the following when requesting death certificates:

- How many accounts and institutions did the decedent have assets with individually or jointly? Companies and financial institutions generally require certified copies of the death certificate to settle accounts.
- What types of property did the decedent own? For example, determine if the decedent owned land, home(s), vehicle(s) or investments and then determine if the property has a clear title or lien. In the case of a lien, ask each financial institution if they will accept a regular copy or require a certified copy of the death certificate.
- Did the decedent have life insurance policies or annuities? Determine the requirement for each separate financial institution.

**Social Security Numbers (SSN)**

Locate the social security numbers for the decedent, spouse and dependent children.

**Driver's License Number**

**Passport Number (if applicable)**

**Marriage Certificate**

Available from the county clerk where the marriage license was issued.

**Divorce Decree**

Locate the divorce decree if applying for benefits as a divorced spouse.

 **Birth Certificate**

Request certified copies from the public records office for the state or county where the individual was born.

 **Member Numbers**

Locate member numbers of any memberships in professional, fraternal or military organizations.

 **Discharge Papers**

If the decedent was a veteran, you will need a copy of the decedent's DD Form 214 (Report of Separation).

TO REQUEST A COPY CONTACT:

- THE NATIONAL ARCHIVES  
(314) 801-0800 | [archives.gov/veterans](https://www.archives.gov/veterans)

 **VA Claim Number**

To file a claim for VA benefits, use the veteran's VA claim number.

- U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)  
(800) 827-1000 | [va.gov](https://www.va.gov)



# 2 ADMINISTRATIVE TASKS

## File Income Tax Returns

Be prepared to possibly file federal, state and local income tax returns for the decedent

for the year in which your loved one died; enlist the aid of a tax preparer to help with

this task if necessary.

## Inform Credit Reporting Agencies

Be sure to inform all three consumer reporting agencies of the death and send each a certified copy of the death certificate. They will add a “deceased” indicator to the credit file that acts as a credit freeze to ideally prevent anyone from opening a new account in the decedent’s name.

(800) 685-1111 | [equifax.com](http://equifax.com)

(888) 397-3742 | [experian.com](http://experian.com)

(800) 888-4213 | [transunion.com](http://transunion.com)

## Inform Auto, Home, Life and/or Health Insurance Companies

Accounts will need to be closed or updated.

## Contact Banks/Credit Unions

Provide death certificate and review any savings and checking accounts at banks and credit unions. Check for insurance coverage on loans and stop any automatic deposits/withdrawals if necessary. You may need to open an account in your name if you do not already have one.

# 3 CLAIM BENEFITS

You may be entitled to government, employment or other insurance benefits. To determine whether you are eligible, contact the following:

- Social Security Administration (SSA)  
•(800) 772-1213 | [ssa.gov](http://ssa.gov)
  
- The Decedent's Employers (Current and former)  
Ask about unpaid salary, accrued vacation or sick time, potential group life insurance, pension or other benefits.
  
- U.S. Office of Personnel Management (OPM)  
(If the decedent was employed by or retired from civil service, ask about potential benefits.)  
•(202) 606-1800 | [opm.gov](http://opm.gov)
  
- Fraternal Organizations & Other Member Groups
  
- Creditors
  
- Auto, Home, Life and/or Health Insurance Companies



# PROTECT YOURSELF FROM FRAUD

Fraud and identity theft may be the last thing on your mind as you deal with the loss of a loved one – and thieves are counting on this.

Be mindful of receiving any unusual bills or an increased number of solicitations for credit card or loan offers – accounts bearing the “deceased” indicator are not deleted until after one year, according to Experian. And while it may be impossible to think that there are actually thieves who prey on the identity of deceased persons, this has become a growing problem in the United States. So, maintain extra vigilance.

Take some simple steps to stop them from taking advantage of your family as you mourn:

- Limit information given in the obituary, such as birth date, mother’s maiden name, or other personally identifying information.
- Alert the credit bureaus immediately and have them put an alert on the decedent’s credit report on the death certificate.
- Send a copy of the death certificate to the IRS, who will flag the account as deceased.
- Review your loved one’s credit report and act on any questionable activity.

# FOR THE MILITARY

In addition to some civilian benefits, the federal government provides additional benefits to uniformed services and civil service members. Additional considerations may apply for children with special needs.

## Dependency and Indemnity Compensation (DIC)

- Spouse receives the benefit for life (unless remarried prior to 57 years of age).
- Unmarried child receives the benefit until 18 years of age (23 if in school).
- Benefit is exempt from federal income tax.

For more information, visit the U.S. Department of Veterans Affairs (VA) at [\*benefits.va.gov/compensation\*](https://benefits.va.gov/compensation)

## Survivor Benefit Plan (SBP)

- Spouse receives the benefit for life (unless remarried prior to 55 years of age).
- Reduced by amount of DIC benefit for spouse.
- Unmarried child may receive benefit until 18 years of age (22 if in school).
- Benefit is taxable for federal income tax purposes.

For more information, visit [\*militarypay.defense.gov\*](https://militarypay.defense.gov)

## Death Gratuity Benefit

- One-time death benefit paid to service members' survivors, both active duty and certain reserve statuses.
- Benefit is exempt from federal income tax.

For more information, visit [militarypay.defense.gov](http://militarypay.defense.gov)

## Reporting a Military Retiree's Death:

- You also need to report the death of the military retiree to the **Defense Finance and Accounting Service (DFAS)**. For more information, visit [dfas.mil](http://dfas.mil)

## According to the Defense Finance and Accounting Service (DFAS):

- Within 7-10 business days after reporting the death to DFAS, you should receive a letter containing a packet of documents. Return the completed documents as soon as possible with a certified copy of the death certificate that includes cause of death.
- Eligibility for military retired pay ends with the death of the military retiree. The normal processing time for restarting pay to the designated survivor is 4 weeks; however, any delay in submitting the documents can extend the process time. Prompt reporting can help avoid delays and possible financial hardship to surviving beneficiaries, family members or executors.
- If you need assistance completing your claim forms, call **(800) 321-1080**.

In addition to notifying DFAS, you should also notify the following agencies/departments as soon as possible:

- Social Security Administration (SSA) at (800) 772-1213.
- Defense Enrollment Eligibility Reporting System (DEERS)—Defense Manpower Data Center (DMDC) Support Office at (800) 538-9552.
- U.S. Department of Veterans Affairs (VA) at (800) 827-1000 if the military retiree received disability compensation.
- VA at (800) 669-8477 for retirees enrolled in a VA-sponsored life insurance policy, such as Veterans' Group Life Insurance or National Service Life Insurance.
- Office of Personnel Management (OPM) at (888) 767-6738  
if the military retiree also was a current or retired federal civilian employee.
- Office of Servicemembers' Group Life Insurance at (800) 419-1473  
for military retirees enrolled in Servicemembers' Group Life Insurance (SGLI).

**4 WEEKS**  
FOR PAYMENT  
TO RESTART

The normal processing time for restarting pay to the designated survivor is 4 weeks; however, any delay in submitting the documents can extend the process time.

# ALLOWANCES AND BENEFITS

## U.S. Department Of Veterans Affairs (VA)

- The VA provides small burial allowances.
- All veterans can receive a burial flag and burial in national cemeteries.  
Burial at no charge may be possible in an area where a national veterans cemetery is located.
- Ask about possible benefits for you and your children.
- For more information contact the VA at *va.gov* or (800) 827-1000.

## Active Duty Death

A Casualty Assistance Officer is assigned to the family of service members who die on active duty. Family members may be eligible for federal benefits, privileges or entitlements. The officer will assist the family through the entire process, answering questions and referring family members to the appropriate military or government agencies.

## Military Organizations

You may be eligible for interest-free loans or grants to help with funeral or transportation expenses.

- |   |  |
|---|--|
| • ARMY EMERGENCY RELIEF<br>(866) 878-6378   <a href="http://aerhq.org">aerhq.org</a>            | • AIR FORCE AID SOCIETY<br>(800) 769-8951   <a href="http://afas.org">afas.org</a>             |
| • NAVY-MARINE CORPS RELIEF SOCIETY<br>(800) 654-8364   <a href="http://nmcrs.org">nmcrs.org</a> | • COAST GUARD MUTUAL ASSISTANCE<br>(800) 881-2462   <a href="http://cgmahq.org">cgmahq.org</a> |

## Veterans Organizations

These groups can assist you regarding military funeral honors.

- **DISABLED AMERICAN VETERANS (DAV)**  
(877) 426-2838 | [dav.org](http://dav.org)
- **THE AMERICAN LEGION**  
(317) 630-1200 | [legion.org](http://legion.org)
- **VETERANS OF FOREIGN WARS OF THE UNITED STATES (VFW)**  
(816) 756-3390 | [vfw.org](http://vfw.org)

**FAMILY  
MEMBERS**  
MAY BE ELIGIBLE FOR  
BENEFITS

A Casualty Assistance Officer will be assigned to the family of the service member who died on active duty. Family members may be eligible for federal benefits, privileges or entitlements.





# EXECUTORSHIP

Many individuals name their spouse, adult child or other close family member as executor. They may also name an institution or professional — such as a financial institution, attorney or certified public accountant (CPA) — as executor or co-executor, particularly if the estate is large or complex.

Generally an executor may:

- Arrange the funeral or memorial service, the expenses for which are paid out of the estate.
- Handle the estate's assets, pay outstanding debts or obligations, distribute remaining assets to heirs and complete appropriate tax returns.
- Receive a state-determined fee for managing the estate — usually 1 to 6% of the estate's value. These fees are subject to federal income tax guidelines; as such, executors who are also beneficiaries may choose to waive this fee.
- Need to be bonded to protect all interested parties against fraud, embezzlement or negligence. If the will states that an executor who is a spouse, adult child or other close relative does not need to be bonded, the presiding court may still require it.
- Have the right to be reimbursed for expenses associated with settling the estate.

## What is an Estate?

The estate includes all the property that was owned by the decedent before it is distributed according to a will, trust or under inheritance laws. The estate includes all of the decedent's assets, such as homes or other property, vehicles, bank accounts and investments. It may also include property that comes into the estate after the death.

## What is Probate?

Probate (known as succession in Louisiana) is a court procedure, governed by state law that may be necessary following a death. Probate is the legal process the state takes through the court to identify the decedent's rightful heirs, as well as their share, and also to transfer the title of property from the decedent's name to the names of the heirs. Its purpose is to:

- Protect the decedent's family's assets.
- Establish that the will is valid and is carried out as stated.

Whether you need to probate the decedent's will depends on the nature of the assets and in whose name they are held. Deadlines for submitting a will for probate vary by state. To begin the probate process, you will generally need:

- The original will.
- A certified copy of the death certificate.

Depending on your state's probate laws and the estate's size and complexity, the probate process may include steps such as:

- Appointing an administrator, executor or personal representative for the estate.
- Inventorying estate assets.
- Notifying creditors of the death and allowing them the opportunity to make claims against the estate for debts owed to them.
- Protecting the estate against future claims by creditors.

## What is Probate (Continued)

- Clearing titles to the property.
- Providing for the payment of state and federal taxes.
- Distributing estate assets to rightful heirs.
- Protecting the guardianship and interests of children and children with disabilities.

## Probate May Not be Required if:

- The estate is small (valued below a certain amount).
- Husband and wife own property jointly and name each other as beneficiaries.

Some property within the estate may not be subject to probate, such as:

- Property jointly owned by the decedent and an individual with the right of survivorship.
- Assets with a designated beneficiary, such as life insurance, annuity proceeds and pensions.
- Unpaid salaries, vacation pay and benefits owed the decedent.
- Property owned in certain trusts.
- Assets that may be registered Pay on Death (POD) or Transfer on Death (TOD).

## Steps for Settling an Estate

- 1 File the will and initiate probate with the appropriate state probate court.
- 2 Petition the court for “letters testamentary” proving you are the legally appointed executor. Request certified copies necessary for certain estate-related financial transactions.
- 3 Request multiple copies of the death certificate from the county clerk’s office, health department or funeral director.
- 4 Assemble and inventory the estate’s assets including real estate deeds, stock and bond certificates, statements for checking, savings, investment accounts and other property. Review the decedent’s check register, previous tax returns, bank statements and canceled checks to determine:
  - Insurance premiums.
  - Land contracts and mortgages.
  - Vehicle or other loans.
  - Payment of state and federal income taxes and property taxes.
  - License fees for vehicle registration.
  - Safe deposit box rental fees.
  - Deposit amounts of paychecks, retirement benefits, Social Security, VA benefits or other income.

- 5 Re-title property such as real estate, vehicles or boats so it can be sold or bequeathed. Consult an attorney for assistance.
- 6 Manage and protect the estate's property from theft or damage. Also manage investments, collect rent or other income, and keep insurance policies current.
- 7 List liabilities owned by the estate. The executor is responsible for paying debts owed by the decedent. Notify creditors of the death and invite them to submit any claims.
  - Utility payments.
  - Hospital, physician and other medical expenses (you will also file any medical claims with the decedent's medical insurance carriers).
  - Payments on credit card accounts or loans.
- 8 Open and inventory the contents of safe deposit boxes. The executor may need to petition the court or state for permission.
- 9 Close bank or brokerage accounts the decedent owned solely and transfer the assets to any new accounts opened for the estate, such as checking accounts.
- 10 Locate insurance policies and file claims for benefits. Life insurance benefits are usually payable directly to named beneficiaries. Other sources of insurance or death benefits include:
  - Group life insurance from employers, labor unions, fraternal or professional organizations.
  - Insurance on mortgage loans, credit card balances, vehicle loans or other loans.

- Accident insurance.
- Retirement plans, either with an employer 401(k) or 403(b) plans or in Keogh or Individual Retirement Accounts (IRAs).

**11** Review taxes owed by the decedent and the estate. The executor may be responsible for filing federal, state and local income tax returns for the year in which the decedent died.

**12** Keep beneficiaries informed. Final settlement will be easier if you keep detailed records of your actions on behalf of the estate.

**13** Contact the nearest Social Security Administration (SSA) office. Eligible widows, widowers, minor children and in some cases dependent parents age 62 or older are eligible for survivor benefits.

**14** Close the estate and distribute remaining assets to beneficiaries. Executors are responsible for ensuring claims against the estate are paid before distributing assets to beneficiaries. Many simple estates are settled within 1–2 months. More complicated estates may continue for months or even years, especially if the will's provisions are contested.

**15** Reopen the estate if necessary. The discovery of property or sums of money, even 10–20 years after the death, would necessitate reopening the estate and distributing it according to the will's instructions.

## Consult an Attorney

An attorney can:

- Provide opinions about the will's meaning.
- Draft deeds and other instruments of conveyance.
- Apply for probate of the will where necessary.

## Consult an Attorney (Continued)

- Prepare and obtain receipts related to the distribution of estate assets.
- Arrange for registering assets in the executor's name.

## Costs of Probate

- The cost of selling real estate and other property.
- Executor's service fees.
- Court filing fees.
- The cost of preparing the obituary.
- Legal fees for attorneys (some states set this amount at a certain percentage of the estate; in other cases, you will pay an hourly rate).

Many states provide a less expensive, simplified probate for transfers of small estates. Whether an estate qualifies for simplified probate usually depends on the following:

- The value of the assets.
- Whether the estate includes real estate.
- The relationship of the survivors to the decedent.
- Whether funeral expenses have been paid.

## Ancillary Probate

If the decedent owned property outside of the state in which he resided, a separate probate hearing is generally necessary in that state.





# TAXES

Tax laws are complex and may frequently change so it is important to consult a tax attorney or certified public accountant (CPA) familiar with federal estate tax laws and state inheritance taxes. However, you should be aware of the following general information.

The personal representative of the estate (for example, the executor or administrator) has several responsibilities related to taxes which generally include:

- Applying for an Employer Identification Number (EIN) for the estate.
- Timely filing the decedent's final federal income tax return (IRS Form 1040) and any returns not filed for previous tax years.
- Timely filing applicable state and local tax returns.
- Paying any taxes due up to the date the personal representative is discharged from duties.

CPA  
OR TAX ATTORNEYS

It is important to consult a tax attorney or certified public accountant (CPA) familiar with federal estate tax laws and state inheritance taxes.

## Final Individual Federal Income Tax Return

- Federal income tax returns for the deceased are normally due on April 15 following the year of death. If you need more time, you can request an extension before that date, usually without penalty. However, potential interest will continue to be charged on the amount due.
- Inclusion of the decedent's income on the final return is generally determined as if the individual were still alive except that the taxable period is usually shorter because it ends on the date of death.
- Ask your tax adviser for advice on handling specifics of the return, such as any substantial expenses incurred but not paid before death.
- A surviving spouse can file a joint return for the year of death and may qualify for special tax rates for the following two years. Also, if the decedent qualified as your dependent for a part of the year before death, you can claim the exemption for the dependent on your tax return, regardless of when death occurred during the year.

## Final Income Tax Return of an Estate

- An estate is a taxable entity separate from the decedent which comes into being with the death of the individual and exists until the final distribution of assets to heirs and other beneficiaries.
- Generally, a domestic estate must file an annual tax return (IRS Form 1041) if assets of the estate earn up to certain limits during a tax year.

### REVIEW TAXES

Review taxes owed by the decedent and the estate. The executor may be responsible for filing federal, state and local income tax returns for the year in which the decedent died.

## Federal Estate Tax Return

Depending on the estate's value (and the state of the laws governing estate taxes), the personal representative may also be responsible for filing the estate's federal estate tax return (for example, IRS Form 706).

- Filing the estate's federal estate tax return may be required if the gross value of the estate exceeds certain limits for individuals dying in 2011 or later.
- When required, federal estate tax returns are typically due within a year of an individual's death. If you need more time, you can request an extension before that date, usually without penalty. However, potential interest will be charged on the amount due.

## State Income Tax

- Generally, the personal representative is responsible for filing the decedent's state income tax return.
- If applicable, state income tax returns for the deceased are usually due on April 15 of the year following the death, but you should check local law because the due dates can vary by state.

## State Inheritance Tax

- Many states impose inheritance taxes, even on estates valued well below the federal exemption limit.
- Surviving spouses, children and parents are usually taxed at the lowest rate. Siblings, other relatives and non-family heirs generally pay a higher rate.
- A tax attorney or CPA can guide you if state inheritance taxes are due.

## Property Tax

The executor is responsible for paying property taxes, when they are typically due.

The Internal Revenue Service offers two publications with more detailed tax information: Publication 559, Survivors, Executors, and Administrators and Publication 950, Introduction to Estate and Gift Taxes. View them online at [irs.gov/publications](https://www.irs.gov/publications) or call (800) 829-3676 to order a copy.

## Determine Income and Expenses

Losing a family member often means losing household income as well. Determine the amount of your living expenses and subtract it from how much you have available each month. Use this information to establish or revise a budget.

## Emergency Fund

Usually equal to at least 3 to 6 months of basic living expenses, an emergency fund ensures you have available cash for unplanned expenses, such as vehicle or home repairs or temporary unemployment.

### EMERGENCY FUND

Usually equal to at least 3 to 6 months of basic living expenses, an emergency fund ensures you have available cash for unplanned expenses, such as vehicle or home repairs or temporary unemployment.



## USAA SURVIVOR RELATIONS

*USAA is here for you in this difficult time. We have a team of dedicated representatives to help you through the process or answer any questions you may have. Please feel free to contact us.*

**USAA SURVIVOR RELATIONS**

**[USAA.COM/SURVIVORSHIP](https://www.usaa.com/survivorship)**

**800-292-8294 | M-F 7:30 - 6:00 CT**

**Notes:**

A series of horizontal dotted lines for writing notes.



We know what it means to serve.®