2022 · WHAT ISSUES SHOULD I CONSIDER IF MY SPOUSE HAS BEEN DIAGNOSED WITH A TERMINAL ILLNESS?

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CASH FLOW ISSUES	YES	NO
Do you and your spouse need additional cash flow now? If so, consider the following: ■ Accelerated death benefits or a life settlement on any life insurance policies could provide access to proceeds during your spouse's lifetime. ■ Regardless of age, distributions from your spouse's retirement accounts could avoid a 10% penalty if they qualify for a disability exception. ■ If there is group life insurance, an accelerated benefit rider may be available for terminally ill policyholders.	☐	☐
Will your spouse need long-term care in a nursing home or home health care? If so, consider the financial impact it will have on cash flow and assets. Consider Medicaid planning and reverse mortgages.	☐	☐

ESTATE PLANNING ISSUES	YES	NO
Does your spouse need a new or updated Will and/or Trust?	☐	☐
Does your spouse need new or updated General and Health Care Powers of Attorney and a Living Will? The Powers of Attorney will allow your spouse to designate a representative in the event of incapacity, and the Living Will expresses end-of-life wishes.	☐	☐
Will your spouse's estate exceed their remaining federal estate and gift tax exclusion amount ($12.06 million, if no lifetime use), or will your combined estates exceed your remaining combined exclusion amounts ($24.12 million, if no lifetime use)? If so, consider strategies to plan for a possible federal estate tax liability.	☐	☐
Do you need to develop a gifting strategy? If so, you and your spouse can each gift up to your annual exclusion amount of $16,000 (per year, per donee) gift tax-free.	☐	☐
Do you and your spouse own multiple properties? Ensure that residency is clear for probate purposes and consider titling out-of-state real property to a revocable living trust to avoid the potential for probate occurring in multiple states. (continue on next column)	☐	☐

ESTATE PLANNING ISSUES (CONTINUED)	YES	NO
Do beneficiary designations need to be updated? Check to see if beneficiary statuses have been updated for all accounts, retirement plans, and insurance policies.	☐	☐
Do the titles of your accounts (investment and bank) need to be reviewed or updated? Consider adding TOD to any brokerage accounts, POD to any bank accounts, or titling accounts to a revocable living trust to avoid passing through probate.	☐	☐
Are there digital assets that should be preserved? Steps should be taken prior to your spouse's passing to ensure that digital assets transfer to heirs.	☐	☐

INSURANCE ISSUES	YES	NO
Can your spouse take steps now to plan for Medicaid? If so, remember the look-back period is generally five years from the date of Medicaid application.	☐	☐
Does your spouse have any long-term disability insurance or life insurance? If so, consider the following: ■ Your spouse may be able to elect the "disability waiver of premium." ■ Review the elimination period and file a claim accordingly.	☐	☐
Is your spouse currently employed? If so, your spouse may be eligible for short-term disability benefits through work.	☐	☐
Does your spouse have LTC insurance, an LTC rider on life insurance or on an annuity, or critical illness insurance? If so, review the benefit triggers for the policy.	☐	☐
If your spouse is eligible for Social Security Disability Benefits, will there be a need for health insurance? If so, remember that your spouse must be receiving benefits for two years before becoming eligible for Medicare, if under age 65.	☐	☐
Will the illness prevent your spouse from working? If so, reference the "Do I Qualify For Social Security Disability Benefits?" flowchart to see if your spouse is eligible for benefits.	☐	☐

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TAX PLANNING ISSUES	YES	NO
Do you need to determine whether medical expenses will be deductible? If so, your spouse can deduct unreimbursed medical expenses that exceed 7.5% of AGI, which includes: transportation to healthcare appointments, modifications to a home or car for medical reasons, privately hired in-home healthcare employees, and possibly LTC insurance premiums (limited based on age).	☐	☐
Will unreimbursed medical expenses exceed your taxable income? If so, consider doing a Roth IRA conversion to take full advantage of the medical expense deduction.	☐	☐
Is there a capital loss carryforward on your tax return attributable to your spouse? If so, consider selling an asset at a gain to offset the carryforward loss. Your spouse's carryforwards can be used on their final tax return, but will be lost thereafter.	☐	☐
Are there any unrealized tax losses in an account owned by your spouse? If so, consider harvesting the unrealized losses or consider gifting the asset to preserve the loss and avoid the step-down in basis.	☐	☐

ASSET & DEBT ISSUES	YES	NO
Will there be any debts that will be due upon death (commercial loans or medical expenses) or will any debts be discharged upon death (student loans)?	☐	☐
Does your spouse have any stock options, grants, or restricted stock units? If so, consider planning opportunities and how these assets will impact your tax liability and your cash flow planning.	☐	☐
Will there be expenses that require you to sell any investments?	☐	☐
Did your time horizon, investment objectives, or risk tolerance change?	☐	☐
If your spouse is a business owner, do they have an exit strategy or a succession plan? (continue on next column)	☐	☐

ASSET & DEBT ISSUES (CONTINUED)	YES	NO
If you have annuities or illiquid assets, do they need to be reviewed to understand options?	☐	☐
Do you own taxable investments with an unrealized gain? If so, consider gifting them to your spouse so that you receive a step-up in basis at their death, if their death occurs more than one year after the date of the gift.	☐	☐
Could there be pensions and/or employer retirement benefits that you may be forgetting?	☐	☐

OTHER ISSUES	YES	NO
Are there any state-specific issues that should be considered (including out-of-state property or estate tax liability)? If so, some states have unique rules that can have a material impact, such as a liability for the surviving spouse to pay for the expenses associated with the illness of the spouse.	☐	☐

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