

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

---

**THE WALL STREET JOURNAL**

WSJ.com

---

FAMILY VALUE | Updated February 1, 2013, 5:12 p.m. ET

# What a Tangled Web We Leave



By KELLY GREENE

When Alexandra Kaye's husband died last year of a heart attack at age 57, she thought she was well prepared financially—until she started wading through the day-to-day details.

Ms. Kaye and her husband Jeff, British and American journalists living in Washington, had done more end-of-life planning than many couples. Among other things, they had wills in place and had talked extensively about what they would do if the other died.

Yet despite the preparations, Ms. Kaye, 51 years old, found herself battling a number of unexpected problems, from banking snafus to being locked out of his email account, that left her frustrated at a time when all she sought was peace.

"What surprised me most was that I thought I'd done all the right things," she says.

While the Internet era has ushered in a boom in online financial planning, it also has created a tangle of banking, bill-paying and other online relationships that require tending even after people die.

But there are ways to help ease the transition—from collecting passwords and updating beneficiary forms to setting up new retirement accounts. Lawyers and financial planners are even adding digital estate planning to their menu of services.

Ms. Kaye, the Washington bureau chief for the Times of London, which like The Wall Street Journal is owned by [News Corp.](#), says she wishes she had collected a list of passwords to online accounts and had known the rules for unwinding joint financial accounts before her husband died.

Her biggest stumbling block: the checking account. Her bank, [HSBC](#), told her it couldn't remove her husband's name from the joint account. Instead, she would have to close it and open a new one, even though the British unit of the same bank had removed his name from a joint account held in the U.K.

An HSBC spokesman declined to comment on Ms. Kaye's situation. In a written statement he said that, in general, "changes of this nature" require closing an existing account and opening a new one, to ensure that tax reporting is accurate and other legal considerations are addressed.

But closing the U.S. account would mean finding user names and passwords for bills that Mr. Kaye had set up to be paid automatically from the account, she says. And opening a new account would mean she would have to redirect her paycheck, which could take a few pay periods—all while juggling her husband's estate and raising two teenage sons, Nathan and Jackson.

Ms. Kaye found the process so exasperating that she complained to the Consumer Financial Protection Bureau, which simply read the bank's policy to her again, she says. A bureau spokeswoman declined to comment. For now, Ms. Kaye says, she is waiting to close the joint bank account until she has more stamina.

Financial accounts aren't her only problem. Ms. Kaye says she and her sons have logged hours trying to tap into Mr. Kaye's email account, to let friends overseas know about his death, and to get into their Netflix account. They finally figured out that his password to Spotify, a digital music service, was a word spelled phonetically and backward.

To avoid potential snags like these, here are some moves to make both before a spouse's death and afterward.

### *Put Your Name on It*

Even if spouses have updated beneficiary information on obvious assets like retirement accounts, other assets still might be in one partner's name.

JeanAnn Fenrich, a 60-year-old widow in Fairmont, Minn., was confronted with this problem last year, after her husband was killed in a car accident. The couple had planned to move to his mother's home in a few years and do all the retitling paperwork at that point. "The accident just interrupted the best plans that we had," she says.

Ryan McKeown, her financial adviser in nearby Mankato, Minn., says he sees this problem frequently. The remedy for real estate is simple, he says: just file what is called a "quit claim deed" to set up "joint tenancy with right of survivorship," meaning the property transfer could avoid probate. Usually, this can be done quickly at the county office that handles real-estate records.

Ms. Fenrich also had to deal with savings bonds in her husband's name that he had inherited from his mother. Putting the bonds in her name—and adding the couple's children as beneficiaries—required opening the estates of her husband and her

mother-in-law to get the documents needed to send to the U.S. Treasury Department. It would have been far easier to do this ahead of time.

Also, make sure your spouse's name is on any paper stock certificates you own, says Jeffrey Cutter, a Falmouth, Mass., certified public accountant and financial adviser who says he helped a friend's 85-year-old father convert \$150,000 in 15 stocks to his name from his wife's after she died. It took three months, he says, to get a copy of the death certificate, find the stock's custodian, dig up his marriage certificate and get everything notarized.

### *Unwind Joint Accounts With Care*

To avoid any surprises, it is important to make sure you understand what happens with a joint account when you want to move it into one person's name—whether any holds are placed on deposits or withdrawals, and whether online banking could be affected.

That is a lesson Chuck Jarvis, a 63-year-old retired telecommunications specialist in Camby, Ind., learned after his wife died of cancer last year.

"I went to the bank and told them I needed to take her name off the account. I go home and my electronic banking was gone," he says. "I just expected everything to roll over and her name to come off and my name to stay on. I didn't expect my electronic banking to vaporize."

Had he known that would happen, he said he would have transferred their bill-paying information to a separate account. "But once it vanished, I had to start from ground zero."

Since Mr. Jarvis's wife had handled the bills, he wasn't even sure he would be able to restore them all, and might miss some payments. Finally, an IT worker at the bank resurrected the account numbers for him.

### *Slow Down the Rollover*

The standard advice is to roll a spouse's individual retirement account into your own after he or she dies—but for younger widows and widowers, that could cause a big, unnecessary tax bill.

A "spousal rollover" generally makes sense if you are at least 59½ years old, the age at which you are allowed to start tapping an IRA without paying a 10% penalty on early withdrawals (though you would still owe any income tax due).

But many widows are younger than that, and if they need to tap IRA assets rolled over into their own account to supplement their income or cover other expenses, they must pay the 10% penalty.

Instead, widows and widowers under age 59½ often are better off transferring the money into an "inherited IRA," which remains in the deceased spouse's name, and then transferring it to their own IRA when they hit 59½ and can make penalty-free withdrawals, says Jeffrey Levine, a certified public accountant and IRA technical consultant at Ed Slott & Co. in Rockville Centre, N.Y.

With an inherited IRA, most beneficiaries have to take a "required minimum distribution" every year—but if the deceased spouse was younger than 70½, the surviving spouse is exempt until the year the deceased spouse would have hit that age.

### *Preserve the Tax Break*

Under the new federal tax law, Congress made permanent the "portability" provision that lets spouses double the \$5 million estate-tax exemption to \$10 million (currently \$10.5 million, adjusted for inflation).

But there is a catch. Even if the first spouse's estate is worth less than \$5 million, that estate still has to file a federal estate-tax return and elect portability to use the leftover exemption in the future.

The money you protect from future estate tax could make it worth spending at least a few thousand dollars now, if appraisals are involved, and going through extra hassle.

For example, if the wife dies first with a \$1 million estate, meaning it is exempt from federal estate tax, but the husband runs a business that could someday be worth millions of dollars, his wife's estate should file an estate-tax return electing portability so that the surviving spouse potentially could add the remaining \$4 million exemption to his \$5 million one.

An estate also can get hit with state-level estate taxes in at least a dozen states with thresholds lower than \$5 million. But families can structure trusts to help defer those taxes, says James Cundiff, a partner at McDermott Will & Emery in Chicago.

### *Protect the Passwords*

Tying up a partner's life online is among the toughest chores a grieving spouse must face. Internet providers are reluctant, for privacy reasons, to let loved ones into email and social-media accounts, often leaving families to choose between violating the rules to break into an account or losing decades of email contacts, family photos and other information.

The problem is so common that the Uniform Law Commission, the group that recommends uniform state laws, is working on a recommended statute that states could adopt to deal with post-death access to digital assets.

When making lists of password-protected digital assets, it is wise to focus first on the ones with monetary value, experts say. Many people now have extensive libraries on iPods and digital readers, and even airline accounts contain frequent-flier miles that could be worth thousands of dollars, says Sally Hurme, an elder-law attorney at AARP in Washington.

Your best bet: Keeping an accessible list of your online user names, passwords and other prompts required to tap accounts you would want your family to see.

But it is difficult to keep such a list up-to-date. That is why the U.S. General Services Administration recommends people set up a "social-media will," review the privacy policies and terms and conditions of each website and stipulate in their traditional will that the "online executor" get a copy of the death certificate.

There are less formal options as well. Annalee Leonard, president of Mainstay Financial Group in Pensacola, Fla., suggests spouses keep separate books with all Internet accounts they access, along with logins and passwords.

A number of paid services, including SecureSafe and Legacy Locker, provide "digital" estate planning—though it is important to make sure the service has good security.

Some financial planners are starting to collect their clients' online-account information, along with inventories of other assets, in various ways, so it is worth asking any planners or investment advisers you work with if they will help. Mark Cortazzo, principal of Macro Consulting Group in Parsippany, N.J., for example, developed an online "vault" where he encourages clients to upload financial documents.

And if you find yourself trying to untangle such accounts after your spouse dies, give yourself some time, says Karen Altfest, a New York financial planner who specializes in working with widows. One of her clients, whose husband died in the Sept. 11, 2001, terrorist attacks, still has one account in his name, because it has taken so much energy to deal with all the formalities.

"You have to be prepared for setbacks as they occur," Ms. Altfest says. "You have to say, 'I think I have everything in place, but I'm prepared to go home one more time. It's just an extra step.'"

—Email: familyvalue@wsj.com

*A version of this article appeared Feb. 1, 2013, on page B7 in some U.S. editions of The Wall Street Journal, with the headline: What a Tangled Web We Leave.*

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)