Legacy Planning During the Pandemic

It's clear that Americans will be dealing with the coronavirus pandemic for at least the next several months. In fact, as more of us move indoors because of dropping temperatures, the Centers for Disease Control is urging Americans who normally travel for Thanksgiving, to instead hold virtual family get-togethers.

The CDC lists lower risk Thanksgiving activities that include: smaller dinners that include only the members of your household, preparing food for family members outside of the home and delivering it to them, watching traditional Thanksgiving parades and games from home and doing your Black Friday shopping online.

I think like a lot of other folks, I'm trying to balance optimism and realism. A lot of very reputable news sources are telling us that a coronavirus vaccine may be available as soon as early 2021, and that's something to feel excited about. Yet, like I noted a moment ago, the next few months are going to be challenging and will require all of us to take care of our own health so that we're protecting our family, friends and co-workers.

Balancing optimism and reality is a great segue into our topic today, which is building or updating an legacy plan during the pandemic. I chose today's topic after coming across a really insightful *Forbes* article, 10 Financial And Legacy Planning Matters To Think About During This Crisis, and I think it will really have some critical information for you today.

The first tip is taking care of both your durable and health care powers of attorney. A durable power of attorney empowers someone that you designate to made financial decisions on your behalf should you become incapacitated or otherwise unable to make those decisions on your own.

There are two types of durable powers of attorney, a general durable power of attorney, which is permanently in place, and a "springing" power of attorney, which only turns on if you become disabled.

A durable power of attorney allows your designee to make numerous financial decisions on your behalf. For example, they can reach out to your insurance companies, file your taxes, and pay your bills.

Additionally, a health care power of attorney means your designee, as the name implies, will make your health care decisions when you can't. That means that person may hire and fire your doctors, sign releases, and determine your best course of treatment.

If your parents are living, I'd also encourage you to check-in with them about their powers of attorney to make sure they're appropriately updated and accessible. Also, if you have adult children, you may want to have the same conversation with them because medical providers can't release any medical information even to parents.

The next piece of legacy planning advice from the article is solidifying your health insurance. Start by putting together a complete list of all of your health insurance policies and make sure that somebody you trust knows how to find it.

Along those same lines, if one or both of your parents are alive, make sure that you have a copy of their policies should you need to quickly make decisions or answer questions on their behalf. If you have adult children, you may also want to have copies of their policies in the event that they aren't able to answer questions on their own, even if only temporarily.

Making things as easy as possible for the people who may have to make decision for us is probably one of the smartest financial and legacy planning decisions we can make. Situations like the ones we're talking about are already stressful enough without having to dig through drawers or computer files to find critical documents.

Another key component of legacy planning is your health savings account, or what are commonly simply referred to as HSAs. Make sure your family members know about your HSAs and how to access them. On your end, make sure all of your paperwork is in order and completely up to date.

I have a feeling that many of you are probably feeling a little overwhelmed by our conversation today. I mean, we're talking about a pretty sizable stack of documents. But the reality is, if you take care of the elements of your legacy plan early, and then focus on quick updates as needed, you'll take a lot of pressure off yourself and the people who may eventually be charged with making decisions on your behalf.

Another critical thing to consider is keeping track of your safe deposit box, if you have one. With this, the most important thing is making sure you legally list someone you trust with the bank or company you have your box with. By doing so, you ensure they'll have access to the box after your death or if you become incapacitated.

Along those same lines, if you keep a safe or fireproof box with a lock in your home, you'll want to let someone you trust know where it is and what the combination is.

While safes are still pretty common, a lot of people keep critical information in password protected files on their computers. So, if you're one of those people with much of your critical financial and legacy information stored on your computer, make sure to gather the necessary information for your files and documents that are password protected and also want draft a secure document listing all of your various accounts and passwords so that your designee has quick and safe access.

The next thing the *Forbes* article suggests, is coming up with a strategy for your cash. It's important to create a pool of cash beyond credit and debit cards should there be problems with liquidity or if things like power outages or other unlikely quirks happen.

Generally, something in the ballpark of $500, safely hidden in your home in a place you can quickly access, is a good idea. You just never know when being able to get your hands on some good old-fashioned cash may really come in handy.

The article also has some really good insight in Roth IRAs. Specifically, it urges people to weigh the value of Roth savings options while the market is still sluggish. You can fund a Roth IRA at any point this year. In addition to funding your own Roth and your spouse's, you may also want to consider a Roth for your children with earned income and a Roth conversion for your parents if they're in a lower tax bracket.

Admittedly, Roth IRAs can be a little tricky, at least at the outset. So, let me take this prime opportunity to urge you to work with a financial services professional. A financial pro is going to have the kind of Roth IRA experience that helps you weigh all the pros and cons before making your final decision.

Another good idea may be spending some time focusing on your 401(k), whether it's balancing it or increasing what you're contributing to it. When the market isn't very healthy, you need to decide if you want to be more conservative or more aggressive with your money. That said, in my opinion it's always a smart play to keep chugging along with maximum contributions to your 401(k).

And let's not forget that if you're employer offers a 401(k) match, you'll want to ensure that you're doing what you need to do to get the full match, otherwise you're just leaving money on the table, and what could be worse than that?

Setting up auto deposits and auto bill pay may be another strong part of your strategy because mail service may be affected in an emergency situation. So, make sure your income streams can find their way into your bank account without relying on mail delivery. And, along those same lines, make sure your bills are getting paid automatically so that you don't fall behind.

I hope today's episode gave you some new insights into how you may be able to create an legacy plan or update your current legacy plan that better prepares you to handle the financial challenges of the coronavirus pandemic.