

John Hancock

LIFE INSURANCE

Advanced Markets

Estate Administration



A Guide to Settling an Estate

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Introduction

When a loved one dies, it is difficult to think about the logistics of settling an estate, such as notifying people, collecting records, completing paperwork, safeguarding assets, and addressing business concerns.

If you have lost a loved one, we have written this brochure to help you understand the issues involved in settling an estate, so that you can work with your advisors to complete these trying tasks with less confusion and anxiety. Included is a 10-step checklist, along with important planning tips and sample letters to insurance and financial companies, that will help the process move smoothly and efficiently.

Although we have attempted to address many of the issues involved, it is important to work through this process with your advisors to ensure each step is carried out completely by the person with proper authority. In most cases, the deceased's estate plan identifies who should assume ultimate responsibility for the coordination of settling the estate. Even where a family member is named as personal representative or trustee, it's common for that person to work with professional advisors to handle the complex issues involved.

Before You Begin

As you work through this 10-step process, keep these key points in mind:

Allocate responsibilities. As soon as possible, you should begin thinking about what needs to be done and who will do it. As you read on, Step 4 of the process discusses in more detail how to allocate responsibilities.

Gather relevant information. Collecting paperwork and gathering other necessary information can often be the most time-consuming and costly step in this process – especially if you depend upon your attorney and accountant to do the work. You can keep costs to a minimum if heirs gather information themselves.

Assess your exposure to transfer costs. You and your advisors should immediately determine if significant death costs are due. Do you need to file federal estate or state death tax returns? Will federal or state death taxes be due? Since these tax payments are usually due nine months after death, you'll want as much time as possible to gather liquid funds and avoid costs associated with the frantic sale of assets.

Consider disclaimers. To reduce death tax costs or to meet other planning objectives, heirs may want to disclaim assets left to them by the deceased. Before accepting any inherited assets, ask your attorney if disclaimers are appropriate. Disclaimers typically need to be done within nine months of the date of death.

Obtain separate counsel if necessary. You may want to consider separate legal counsel for the estate and certain beneficiaries if conflicting interests are an issue.

Settling An Estate — A 10-Step Guide

1. Notify concerned individuals.

Take time in the beginning to call or write important individuals:

- Family members and close friends
- Clergy
- Advisors such as an attorney, accountant, financial planner, broker, and life insurance representative
- Business associates, creditors, vendors, and major customers

2. Care for dependents.

Make temporary arrangements for children, elderly parents, pets, and any other dependents of the deceased.

3. Arrange the funeral.

When planning the funeral, consider any arrangements or requests the deceased may have made regarding:

- Burial or cremation
- The memorial service and memorial gifts
- The funeral service
- A prepaid funeral plan or burial plot

You should also discuss these arrangements, as well as expenses, with the funeral director.

4. Hold a meeting.

A meeting with all of the deceased's heirs and advisors will help set priorities and determine responsibilities.

Before any action is taken to handle the deceased's affairs, make sure the person or persons acting have the proper authority. It may be helpful for one person to assume the key coordinating role for settling the estate.

5. Safeguard property.

Because transferring assets to beneficiaries takes time, make arrangements to protect valuable property from loss. For example, ensure that:

- Adequate insurance is available
- Valuable personal property such as jewelry, cash, and art is safe
- A storage facility is secured if necessary

6. Handle pressing business affairs.

If the deceased owned or was active in a business, determine if any issues need immediate attention, such as management transitions, business transactions, jobs, or projects currently underway.

7. Locate and collect records.

The following records are important for probate inventories, trust accountings, estate tax filings, or for income tax purposes when assets are later sold. Because this step will often take the most time and effort, you may want to ask other family members or heirs for support when collecting the following:

- Originals of all existing estate planning documents, including the will and trusts (ask your attorney about filing the will with the probate court)

- Certified copies of the death certificate (either you or the funeral home should contact the county office of Vital Statistics and request enough copies for insurance companies and others who may require them)
- Pre- and post-marital agreements
- Divorce decrees and agreements
- Prior income tax and gift tax returns
- Relevant business and employment agreements or other business-related documents, such as shareholder and deferred compensation agreements
- Financial statements
- Check registers
- Copies of any trusts that the deceased created or benefited from
- Life insurance policies
- Safety deposit box keys and contents
- Evidence of:
 - Asset ownership and value, including titles, deeds, stock certificates or bonds, account statements, and existing appraisals
 - Leases, contracts, notes, and other debts or obligations

You can send a letter to all financial institutions requesting a date-of-death asset or liability value, separately listing any accrued interest or dividends at the date of death (see page 9 for a sample letter). Ask your advisors if any assets need to be appraised.

As part of this step, you should also remember to forward the deceased's mail appropriately.

8. Manage existing obligations.

You'll now need to handle existing obligations, such as paying bills and maintaining or settling existing accounts. The structure of the estate plan, named executors and trustees, and ownership of various assets and obligations will help you determine who should be responsible for these tasks. As part of this step, be sure to:

- Discuss bills with your advisors before you pay them
- Save all receipts
- Consider whether to cancel and request final statements or refunds for:
 - All ATM, credit, debit, and phone cards
 - Magazine subscriptions, online accounts, and membership dues
 - Medical and disability insurance
 - Utilities and property and casualty insurance (maintain until all properties are sold or distributed)

9. Contact the deceased's employer.

If the deceased was employed, contact the employer to identify:

- Any outstanding salary, bonus, or other payments due
- Life insurance benefits (for example, group life or split dollar)
- Pension or profit sharing plans

10. Contact other benefit providers.

Lastly, contact medical, disability, and life insurance providers, as well as organizations such as the Social Security Administration, Veterans Administration, unions, and credit unions to:

- File for outstanding medical or disability claims
- Discontinue benefit payments to the deceased or apply for survivor's benefits
- Apply for death benefits (see page 10 for a sample letter to a life insurance company)

What's Next

We hope that you have found these 10 steps helpful. The information you've gathered will help you and your advisors prepare tax returns and probate inventories, distribute assets, pay creditors, as well as complete other tasks necessary for settling the estate.

On the final pages of this brochure, we've drafted sample letters that you can use as a guide when writing to financial and insurance organizations.

Sample Letters

Writing to a financial institution

Before writing to a financial institution, call and explain what you're requesting and ask if you'll need to use any special forms or include any additional information — for example, a copy of the death certificate or evidence of authority.

The following is a letter you can use to obtain date-of-death values of any accounts or to request forms needed to close the accounts or change ownership:

Your name:	Address:
Return address:	Re: Request for date-of-death account information
Home phone:	Deceased:
Work phone:	Date of death:
Date:	Deceased's SSN:
Institution name:	
Attention:	

Dear Sir or Madam:

Please note that the account holder named above died on the above-listed date. Could you please tell me:

1. if the deceased had an ownership interest in any accounts at your institution other than the one listed above, and
2. the account balance (excluding any accrued but unpaid interest/dividends), the accrued interest/dividends, and the account title, as of the date of death.

I would appreciate a written response to these requests.

Please call me at the number listed above, if you need additional information.

Sincerely,

Writing to an insurance company

Before writing to an insurance company:

- Call and request a “Statement of Claim” form and ask if any additional information is required.
- If the death benefits are payable to an estate, include letters testamentary or letters of administration. If the death benefits are payable to a trust, include a copy of the trust.
- Locate the original life insurance policy, or request a “Declaration of Loss of Policy” form if you can’t find the original. Please note that this form must be completed for each missing policy.
- Ask your attorney or accountant if you need to file an estate or inheritance tax return. If so, you’ll also need to request a “Form 712-Life Insurance Statement.”

Your name:	Address:
Return address:	Re: Claim for benefits
Home phone:	Deceased:
Work phone:	Date of death:
Date:	Deceased’s SSN:
Institution name:	Policy number:
Attention: Claims Department	

Dear Sir or Madam:

I am submitting this claim for the death benefits under the policy listed above. Enclosed please find:

1. a Statement of Claim form,
2. the original policy (or a Declaration of Loss of Policy form), and
3. a certified copy of the death certificate.

(I am also requesting a Form 712-Life Insurance Statement for estate tax purposes.) Please call me at the number listed above if you need additional information.

Sincerely,

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