



Coping
with death

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Suffering the loss of a loved one is one of life's most traumatic events.

Being able to have the right support and resources available to you during this challenging time is crucial. And knowing what steps to take is essential so that you are able to cope, work through the situation and take care of matters at hand, especially when finances are involved.

This brochure can be used as a valuable tool that addresses important decisions and tasks that need to be considered during this time.



Important tasks

Although this is a difficult time, there are several important tasks that should not be overlooked. Taking proper steps now can help ease the transition process as you go forward.

The following are steps that should be taken as soon as you are able.

Be sure to notify the deceased's attorney of the death.

You should meet with the attorney to review the steps necessary to administer the estate (the probate process). Bring as much information as possible about finances, taxes and debts. The attorney will organize the documents and help you understand the complex financial statements. Documents that you should bring include:

- Certified death certificates—you can generally get the paperwork from the funeral director. (It's a good idea to request at least ten certified copies of the death certificate.)
- A copy of the deceased's birth certificate (and marriage license, if applicable).
- Financial statements, including those from banks, brokerage firms and insurance agencies.
- Other financial documents, including tax forms from prior years, unpaid credit card and utility bills, and mortgage statements
- His or her Social Security number and Veterans Affairs Department identification number, if applicable.

Be sure to contact the following parties to notify them of the death, make necessary changes and gather detailed information regarding existing assets, liabilities, death benefits, etc.

Creditors

This includes credit card companies, installment loans, real estate loans, service contracts and other accounts.

Insurance companies

Verify coverage of homeowner or auto insurance policies during the probate process. Revise any homeowner's, casualty or life insurance policies. File any insurance claims, as necessary.

Financial institutions, financial advisors and brokerage firms

Determine the process for either closing or changing ownership information on accounts, investments and safe deposit boxes, as appropriate.

Employee benefits department of employer

Obtain a list of death benefits and provide any requested documentation.

Social Security office

Check to see if you are eligible to receive death benefits.

Veterans Affairs Department

If applicable, you may be entitled to death benefits.

Organizations

If applicable, you may be entitled to benefits from unions, professional, fraternal or service organizations.

Review your own estate plan—including insurance policies, investment plans and legal documents, such as wills, real estate deeds and contracts. Revise beneficiary designations or other information as necessary.

About probate

Probate is a legal process. Probate includes:

- Proving in court that the will is valid.
- Identifying and inventorying the property of the deceased.
- Having the property appraised.
- Paying debts and taxes.
- Distributing the remaining property as the will or state law directs.

Estate attorneys usually handle the probate process because it involves a court hearing. Probate typically takes place in the city or county where the deceased person lived, but keep in mind, if real estate was owned in additional states, those states may require a separate probate enforcing that state's laws. The entire process can be lengthy, sometimes stretching out two or three years, depending on the settlement of the estate. Property covered by the will cannot be

distributed to beneficiaries until the probate process is complete.

Property that avoids probate

Not all property has to go through probate. Most states allow estates below a certain dollar amount to pass free of probate, or through a simplified probate procedure. In addition, property that passes outside of the will, such as through joint tenancy, a beneficiary designation or a living trust, is not subject to probate.

Who is responsible for handling probate

In most circumstances, the executor named in the will takes on this job. If there is not a will, or if the will fails to name an executor, the probate court names someone (called an administrator or personal representative) to handle the process—most often the closest capable relative or the person who inherits the bulk of the assets.

Duties of an executor

An executor is the person named in the will to handle the property of a deceased person.

Essentially, the executor's job is to protect the property until all debts and taxes have been paid, and to see that what's left is transferred to those who are entitled to it. The executor has a number of duties, depending on the complexity of the estate.

Typical decisions that an executor must make

- Whether or not probate court proceedings are needed. If the property is worth less than a certain amount (depends on state law), formal probate may not be required.
- Who inherits the property. If there is a will, the executor will read it and distribute accordingly. If there is no will, a court-appointed administrator will

have to look at state law (called intestate succession statutes) to determine heirs.

- Whether or not it is legally permissible to transfer certain items immediately to the heirs, even if probate is required for other property.

The executor also is generally expected to do the following:

- If probate is required, file the will (if any) and all required legal papers in the local probate court.
- File an inventory and appraisal of the assets with the probate court within 90 days following the death.
- Locate the assets and manage them during the probate process, which may take a year or longer. This may involve deciding whether to sell real estate or securities owned by the deceased.
- Value securities.
- Safeguard valuables, personal property, business documents, and important personal papers.
- Handle day-to-day details, such as terminating leases and credit cards, and notifying financial institutions and government agencies of the death. This may include Social Security, the Post Office, Medicare and the Department of Veterans Affairs.
- Establish an account for the estate to hold money that is owed to the deceased such as paychecks, pension benefits or stock dividends.
- Pay continuing expenses such as mortgage payments, utility bills and homeowner's insurance premiums.
- Pay valid claims against the estate.
- Pay debts. As part of this process, the executor must notify creditors officially of the probate proceeding, following the procedure set out by state law.

- Apply for tax waivers.
- Pay taxes. A final income tax return must be filed, covering the period from the beginning of the tax year to the date of death. State and federal estate tax returns also may be required, depending on how much property was owned at the time of death and to whom the property was left. The estate also may need to file an income tax return.
- Prepare a statement of all disbursements and receipts.
- Supervise the distribution of the deceased's property to the people or organizations named in the will. Although the main reason for serving as an executor is to honor the deceased's request, the executor is entitled to payment for managing the estate. The exact amount is regulated by state law and is affected by factors such as the value of the property and what the probate court decides is reasonable under the circumstances.

Taxes after death

Because taxes due after death can be complicated, it is important that you consult an attorney or accountant familiar with both federal and state taxation.

Federal estate tax

The federal estate tax applies only to taxable estates that exceed a certain dollar amount. The exclusion amount is \$12,920,000 in 2023. Estates greater than the applicable exclusion amount are subject to estate taxation. However, there is no federal estate tax due on an estate when all the assets of the estate are left by one spouse to the other, assuming the surviving spouse is a U.S. citizen.

The top federal estate tax bracket is 40%. Once you have assembled all assets included in the estate and determined its value, consult an attorney to see if any federal estate tax is applicable. The federal estate tax return and payment are due in cash nine months after a person's death. If you need more time, you can request an extension before that date. You will not be charged a penalty for the extra time, but you will be charged interest.

State tax

Many states impose an inheritance or estate tax. Therefore, it is imperative that you consult a professional accountant or attorney for guidance. States with estate tax systems tax the deceased person's estate before the assets are distributed to his or her heirs. Those states with an inheritance tax system will tax the heirs on the property that they receive. States often base the rate of inheritance tax on the relationship of the heirs. For example, states usually tax spouses, children and parents at the lowest rate; siblings, other relatives and non-family heirs pay a higher rate.

Income tax

Federal income tax returns and state income tax returns for the deceased are due April 15 of the year following the death. If the estate generates income over a certain amount during that time, the estate itself may have to file an income tax return. It is the responsibility of the executor to ensure that returns are filed on time.



Remembering your loved one

You will want to consider the following points when determining the proper type of ceremony in remembrance of your loved one:

- Determine whether he or she had wishes regarding funeral or memorial services by speaking with his or her friends, family members and attorney regarding any verbal or written wishes or instructions.
- Contact a funeral home or memorial society. Veterans, service members, and their dependents may be eligible to be buried in a national cemetery for free. If buried elsewhere, veterans receiving VA disability payments at the time of death can receive an allowance toward burial and funeral expenses.

- Let family and friends know what the plans are and ask them to help you contact others.
- Determine if all or part of the funeral costs have been prepaid. You can refer to agreement documents that may have been kept or ask the funeral home. Also, check with the cemetery to see if there is a prepaid plot and/or burial insurance.
- Keep track of all donations, flowers and cards received so that you may acknowledge senders. Sympathy acknowledgement cards may be purchased or possibly obtained from the funeral home.

Dealing with grief and loss

Emotional stress is considered the most common reaction to loss.

Yet reactions also can be physical and behavioral. These reactions change over time and through personal growth. It may help you to be aware of some of the common reactions to grief and loss.

Immediate reactions

These are likely to occur during the first few weeks following the death and may include:

- Physical changes such as numbness or shortness of breath
- Emotional changes such as shock, relief or fear
- Behavioral changes such as denial, disorientation, crying or listlessness

Later reactions

These are likely to include more intense feelings. You may experience:

- Physical changes, such as headaches, fatigue, tension and lack of energy
- Emotional changes, such as anger, fear, guilt, depression, panic and loneliness
- Behavioral changes, such as sleeplessness, being overreactive or isolating yourself from others

Adjustment and accommodation

These are when you begin to develop a positive outlook and may experience:

- Physical changes, such as having more energy to do more things for yourself
- Emotional changes, such as taking responsibility and reconstructing your life
- Behavioral changes, including taking on new interests and allowing personal growth

The mourning process is a very difficult one.

The following suggestions may help you better cope with your bereavement:

Try to accept the reality of the loss

It can be very difficult to believe that the death really happened, making this important step crucial to dealing with grief.

Allow yourself to experience pain and grief

It is important to allow yourself to feel what you are feeling, to cry when you must and to feel the pain of sorrow.

Begin to adjust to an environment without the deceased

In your acceptance of the reality of your loss, you must develop new skills and interests to fill the void. Begin taking responsibility for yourself as a new single person.

Withdraw emotional energy and reinvest it in other activities

While he or she was living, much of your energy was focused on your loved one. Now you must direct that energy into new interests, new friends and toward taking good care of yourself. Reprioritize other relationships, such as with your children, grandchildren or your job.

Although the idea may seem strange, you may find yourself developing a new relationship with your deceased loved one. He or she may not be with you in person, but he or she still can live on in your thoughts and in your heart.

In addition to the grief of loss, there are many financial consequences when a loved one dies. Your financial professional can help you make wise decisions about matters that will impact your taxes, assets and future.

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