

A Word About Funding

You come home from a long day's work, open your mailbox and find in it a statement from your estate planning attorney in San Rafael. You see that the attorney and his staff are logging their time working on your estate plan, or, perhaps, charging you a few hundred dollars, for something called "funding"! Slightly agitated, you ask yourself, *What is funding, and why do I need it?*

First, let me clarify what "funding" means. Funding is the process by which we help you ensure that your assets are held according to your estate plan. Essentially, funding comes down to two significant actions, either (1) changing the title of your assets or (2) changing beneficiary designations on your annuities, pension plans, insurance policies, and so forth.

A while ago, I explained to a client of ours how the funding process works. We send out letters to the companies that hold your assets, and instruct them a client's intentions to change title or change beneficiary designations. The companies then respond by sending the client the appropriate forms. We assist by filling out the forms correctly, and providing the companies with what they need. Our client nodded and seemed to understand the process well enough.

At the next appointment when our client came in to sign his estate planning documents, everything went smoothly. I sent the client home with a smiling face and a shiny white folder containing all his estate planning documents. As a courtesy, I included a letter of instruction, as I always do, explaining what needs to be done next - the funding process. Even so, I know it is impossible to put years of experience into one letter.

In this case, although I recommended that he avail himself of our knowledge and assistance, the client said he believed he could

fill out the forms alone and thereby “save a few bucks.” I advised him somewhat about the kind of complexities he would likely encounter. “It seems simple enough,” the client assured me.

Seven days went by before the client called us, in a quandary. “I am being bombarded with forms and I have no idea how to fill them out!” he expressed. I empathized with him because I know just how extensive these forms can be and how each company has different requirements for each form. Our staff walked him through the forms over the phone until he felt he had a better handle on the situation.

Two weeks later, the client again called back, to ask further questions on the next wave of forms the various companies had sent him. While running through the list of these forms, he proudly read off the confirmations of all the beneficiary designations he had succeeded in changing. I looked through the file while we talked, and cringed as I told him that his beneficiary designations were incorrect and could result in some serious complications in the future if not corrected right away. He would have to go through the whole process from the beginning, and over the phone I could hear the frustration and exasperation mounting in his voice before we hung up.

One *more* week later, the office received yet another call from our client. He was now in a state of panic. He had spoken with a representative of the company that held his retirement account. When he repeated what the representative was directing him to do, our years of experience told us this was indeed not what should be happening. Instead of changing the beneficiary designations on this account, the representative was ready to cash out the retirement account, and this would cost our client \$30,000 in tax repercussions! Fortunately, disaster was avoided because the client called our office before he went forward with this. Consequently, we advised the client of the proper next steps.

After not hearing from this client for four more weeks, we began to believe that he had everything well in hand. The next week we received a call from him. He was now buried under the last of the forms. Again we patiently assisted him, by telephone, to fill out these forms.

Normally, when we assist with the funding, I would have a client come in one more time after his appointment, about two months later, to ensure that all of the funding steps have been completed to his satisfaction, but this client got so mixed up in all of the procedures and paperwork that he had to take time off from work to come in *twice* after his initial signing appointment! The cost of the first follow-up appointment had been included in his estate plan, as it often is, but it was necessary to come for a second appointment at an hourly rate, ultimately costing the client more time and money overall. Left to his own devices, our client incurred the expense of an extra meeting, a number of extensive telephone conversations with my staff, near disaster with his IRA, and many weeks of frustration and uncertainty sweating over unfamiliar forms.

Please, please let us give you the benefit of our experience in these matters. That is why we are here! In the long run, you will save yourself the cost of mistakes and the cost of your valuable time by letting us do the work we are trained to do. We are familiar with the various financial institutions, their forms and procedures and can ensure that your documents are personally and properly handled. Sometimes, the entire funding process can be completed by my experienced staff in only a few hours and be finished, entirely done, in as little as one week! We want you to be assured that your hard earned assets are safeguarded through your estate plan—just as you intend.