

Spring

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## Will My Debt Outlive Me? Your Questions About Debt After Death Answered

Have you ever wondered what would happen to your debts if you passed away before paying them off? Will your loved ones be obligated to pay your debts, or will they simply disappear? Every person's debt landscape is different, and the best approach is to create a tailor-made estate planning strategy to make sure your debt doesn't come back to haunt your family after you're gone.

### Common questions about debt after death

Many individuals don't have a clear picture of what happens to debt when they die, so you're not alone if you're confused. Even if your estate plan includes a power of attorney, lifetime trusts for your beneficiaries, and other planning tools, not taking into account your debt when designing your plan can cause your plans to unravel. Here are some common questions about debt:

- Does my debt disappear after I die?
- Will it need to be paid by my family?

- When might someone be liable for the debt?
- What can be done to protect my family against it?

### Different types of debt lead to different consequences

Most people have a number of different types of debt, which increases the anxiety of post-death debt even further. However, if we examine the different types of debt, it becomes easier to detect what types of financial actions are needed to protect your family from trouble.

*Planning Tip:* In community property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin), assets and debts acquired during marriage are owned by both spouses. Keep that in mind with each of the following types of debt.

- **Student loans:** If there is enough money in your estate to pay

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(continued)

off your student loans, your student loan collectors can make a claim against your estate. It's important to note that not all student loan companies collect on debt after death. However, any co-signers on your loans will still be held responsible for your student debt. For private student loans, you'll need to look at the terms in the promissory note since some loans are discharged on death while others aren't.

- **Credit cards:** Much like student loans, credit card companies can make a claim against the estate. However, outstanding credit card debt is not transferred to family members with the exception of community property states or if the credit card is jointly owned with another family member.



- **Mortgages:** Whether the property is jointly-owned, inherited by a beneficiary through a transfer on death deed, or inherited through a trust, the surviving party will very likely need to continue to make payments. This obligation remains because mortgages are secured debt, unlike most credit cards or student loans. Although the personal obligation to pay a mortgage debt may expire upon your death, the security interest in the property can only be extinguished by repayment of the debt.
- **Car loans:** A number of things can happen in this situation. Either the outstanding balance is covered by what's left in the estate, the car is repossessed by the lender, or the beneficiary who inherits the car essentially becomes responsible for the debt. Similar to mortgages, the personal obligation may expire upon your death, but the security interest in the car can only be extinguished by repayment of the debt.
- **Personal loans:** When it comes to personal loans, it can be difficult to determine the debt's structure once the debtor passes away. It de-

pends upon whether or not the loan was secured and what sorts of legal written documents were put in place at the time of the loan. In most cases, the lender will look to the debtor's estate for repayment. It is always a good idea to bring a copy of all personal loan paperwork to us, so we can examine the terms and help you develop an action plan.

- **Tax debt:** Tax debt owed to the IRS or a state Department of Revenue can be very complex. The outcome here can vary greatly depending on what type of tax debt you have, whether the government has filed a tax lien, and whether any statute of limitations has passed. If you owe tax debt, you are not alone, but always let us know so we can incorporate it into your planning.
- **Child support and alimony:** Much like the other forms of debt listed here, back child support debt does not cease to exist after the paying individual's death. A payee former spouse can generally file a claim against the estate for any back child support. In some cases, your divorce decree may require you to purchase a life insurance policy. It's a great idea to let us know about this arrangement so we can factor it into your overall estate plan.

### What do you do when planning?

Each person's debt is different, so your best bet to avoiding your debt falling on your loved ones is to work with us to develop a tailored strategy to deal with your unique set of circumstances. There are many tools available to help manage the risk that debt presents to your family. Don't hesitate to reach out with any questions on this or any other estate planning topic. We are always here to help.



# 2018 Annual RWay Forum Dinner

Thank you to everyone who attended the Annual RWay Forum Dinner on April 16, 2018. We had almost 400 members in attendance.

Unfortunately some members were unable to attend due to the expected snowy weather that day. Hopefully we will have nicer weather for next year. Thank you to former Governor Martin Schreiber for sharing his personal journey with Alzheimer's as a caregiver for his wife Elaine.



If you would like to make a contribution to Alzheimer's and Dementia Alliance of Wisconsin or to the Alzheimer's Association, you can either send or deliver it to our Madison office, or contribute online to the Wisconsin chapter at [www.alzwisc.org](http://www.alzwisc.org) or the national chapter at [www.alz.org](http://www.alz.org).



## Save the Date

**Annual RWay  
Forum Dinner  
April 15, 2019**



# Planning Your Summer Vacation?

## 5 Things to Consider Now

Summer vacation planning season is here. As vacation planning kicks into high gear, here are a few important things to add to your vacation readiness checklist.

### **Guardian nomination**

If it's just you and a spouse leaving for a getaway this summer, who is going to take care of the kids while you're gone? Who will care for them if you don't return? Double check your guardian nomination for your minor children so you know that if, on the very slight chance something goes wrong, your children will be in the right hands.

If you have not completed or updated a guardian nomination, now is the time to do so. Without this nomination, the court will determine who will raise your child if something were to happen to you, and it may not be the person you want.



### **Beneficiary designations and other funding issues**

Many people have an out-of-date beneficiary designation, or, at the very least, one that hasn't been looked at in a while. Taking 10-15 minutes to log into your IRA, 401(k), and life insurance company's website to double check your beneficiary designations is an easy way to put your mind at ease.

Beyond beneficiary designations, other funding issues with trust-based plans are sadly common. But many can be easily and quickly fixed. If you've opened a new bank or investment account, or bought a different home, let us know so we can work with you to update the funding of your trust.

### **Advance directive and powers of attorney**

Getting sick or injured while traveling is stressful enough without the added worry of not having ad-

vance directives and powers of attorney in place. Knowing that your care will be handled according to your wishes makes travel easier.



### **Signatures**

Are any of your documents or revisions unsigned? Maybe you've been reviewing them. It's better to have a plan in place that addresses your big issues and concerns before leaving rather than waiting until it's "perfect." If you are delaying a signing appointment, give us a call so we can make sure your documents get signed properly. Remember, with a will or revocable trust you can always make changes in the future.

### **Stay organized**

Where do you keep your hard copy and digital copy of your estate planning documents? Choose a safe location in your home to store at least one printed hard copy and create a folder on your hard drive or personal cloud storage site so that you'll always have access to a backup digital copy as well. Checking this to-do off your list before your vacation means one less thing to keep track of later. If you need a fresh copy because you've misplaced yours, give us a call. We're happy to help.

Now's the time to get started so everything is in place before your upcoming travel. Please remember that it may take six weeks to complete a comprehensive plan or revise an existing one, so plan ahead and don't wait until the eve of your vacation to get your estate plan refreshed. Call now!

# This Month in History

## May

### Mental Health Awareness Month

Observed in May in the United States since 1949, reaching millions of people through media, local events, and screenings.



### May 10, 1924

J. Edgar Hoover begins his legacy with the FBI.

### May 29, 1848

Following approval of statehood by the territory's citizens, Wisconsin enters the Union as the 30th state.

## June

### National Dairy Month

Originally started as National Milk Month in 1937 as a way to promote drinking milk. It was initially created to stabilize the dairy demand when production was at a surplus, but has now developed into an annual tradition that celebrates the contributions the dairy industry has made to the world. After the National Dairy Council stepped in to promote the cause, the name soon changed to "Dairy Month."



### June 4, 1919

Congress passes the 19th Amendment  
Guaranteed women the right to vote.



### June 17, 1885

### The Statue of Liberty arrives in New York Harbor

A gift of friendship from the people of France to the people of America. It arrived after being shipped across the Atlantic Ocean in 350 individual pieces packed in more than 200 cases.

### June 22, 1944

### Franklin D. Roosevelt signs the G.I. Bill

An unprecedented act of legislation designed to compensate returning members of the armed services, known as G.I.s, for their efforts in World War II.

### July 4, 1776

### U.S. declares independence

The Continental Congress adopts the Declaration of Independence, which proclaims the independence of the United States of America from Great Britain and its king.



# Wilson Law Group's Mission Statement

Our mission is to be our *clients' indispensable advisors*, helping them make smart estate planning decisions through uncompromising integrity, trust and personalized service.

To help each of our *employees attain their best level of achievement and professional satisfaction*.

To set *a standard of excellence for our profession* reflecting the importance of our work and assisting other professionals to achieve the highest possible public regard.

## ***Our Culture***

We believe our clients benefit from a collaborative team approach. Therefore, we strive to create a collegial tone and environment that will foster a working collaborative with our clients' most trust advisors.

## ***Knowledge and Expertise***

To achieve excellence, we are committed to:

- *Sustaining advanced legal technical skills*
- *Drafting expertly devised strategies and documents*
- *Helping our clients identify what they may not know they do not know*
- *Serving the law understanding it is not "Just about the law; it is how the law affects our clients."*

## ***Professionalism***

We are a collegial business and welcome staff from all backgrounds expecting there to exist a common respect and agreement on our core value systems. We will demonstrate professionalism by:

- *Listening for understanding*
- *Being respectful and collaborative*
- *Serving our clients in a respectful manner*
- *Assuring our message of excellence is apparent in how we present ourselves in our dress, demeanor, and expertise.*

We will show respect for all---even if we carry different points of views. We will all work independently and still as a team to help our clients achieve their goals and help our firm improve by encouraging constructive critique and by being open to intelligent change.

## ***Principles***

Principles that are non-negotiable and wholly support the foundation by which this firm is built are the following:

- *Tell the truth at all times*
- *Commit ourselves to the achievement of our clients' goals*
- *Express enthusiasm and energy in all that we do*
- *Accept our imperfections as being human; demand the best we are capable of being as our choice.*

## ***Gratitude***

We are enormously grateful for each of our clients, our staff, and our professional alliances.

## ***An Invitation***

Our clients, staff and professional resources are encouraged to remind us when we stray from the power of our mission or philosophy. As well, let us know when we succeed.

# 13 Ways to Enjoy Spring

Take a long walk

Look for signs of spring

Open your windows

Sit outside at a restaurant

Buy (or bring out) a fun, new outfit

Visit the zoo or park

Celebrate with friends



Set up a picnic

Wear flip-flops

Snap photos of the season

Go for a drive

Pay attention to nature

Engage in spring cleaning



## Community Events Calendar

### May

25th - 28th

**Brat Fest**  
Madison  
Alliant Energy Center



29th

**Madison Mallard's Season Opener**  
vs.  
**Wisconsin Rapids Rafters**  
Madison  
Warner Park



### June

9th

**Dane County Breakfast on the Farm**  
Blue Star Dairy Farms  
5191 Vosen Road  
Middleton, WI 53562



## If You're 70 and Have Considerable Assets, Should You Consider Medicaid Planning?

There are many factors to consider when deciding whether to implement Medicaid planning. If you're in good health, now would be the prime time to do this planning. The main reason is that any Medicaid planning may entail using an irrevocable trust, or perhaps gifts to your children, which could incur a five-year penalty period for Medicaid qualification purposes. The use of an irrevocable trust to receive these gifts would provide more protection and more control for you.

As an example, if you were to gift assets directly to a child, that child could be sued or could go through a divorce, and those assets could be lost to a creditor or a divorcing spouse even though the child had intended to hold those assets intact in case they needed to be returned to you. If instead, you had used an irrevocable trust to receive the gifted assets, those assets would not have been considered the child's and therefore would not have been lost to the child's creditor or a divorcing spouse. You need to understand that doing this type of planning, and using the irrevocable trust, may mean that those assets are not readily available to you and therefore you need to be comfortable with that structure.



Depending upon the size of your estate, and your sources of income, perhaps you have sufficient assets to pay for your own care for quite some time. You should work closely with an attorney knowledgeable about Medicaid planning as well as a financial planner that can help identify your sources of income should you need long-term care. Also, you should look into whether or not you could qualify for long-term care insurance, and how much the premiums would be on that type of insurance.

## Mark Your Calendars

**May 13, 2018**

Mother's Day



**May 19, 2018**

Armed Forces Day

**May 28, 2018**

Memorial Day



**June 6, 2018**

D Day

**June 14, 2018**

Flag Day

**June 17, 2018**

Father's Day



**June 21, 2018**

First Day of Summer

**July 4, 2018**

Independence Day



**July 31, 2018**

Mutt's Day

