

# **GETTING YOUR AFFAIRS IN ORDER**

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**Northwestern Mutual Financial Network**

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**EDUCATION**

B.A., Rice University  
J.D., University of Houston Law Center  
LL.M. (Tax), University of Houston Law Center

**PROFESSIONAL ACTIVITIES**

Board Certified in Estate Planning and Probate Law, Texas Board of Legal Specialization  
State Bar of Texas. Sections on: International Law; Litigation; Oil, Gas & Energy Resources Law;  
Real Estate Probate and Trust Law; Taxation Law.  
Houston Bar Association. Sections on: International Law; Litigation; Oil, Gas and Mineral; Probate,  
Trusts & Estate; Real Estate; Taxation.  
American Bar Association. General Practice, Solo and Small Firm Division; Section of International  
Law; Law Practice Management Section; Section of Real Property, Probate and Trust Law;  
Section of Taxation.  
Houston Business and Estate Planning Council  
Houston Estate and Financial Forum  
Houston Chapter—Society of Financial Service Professionals, Director, 2011–2015  
State Bar College  
Fellow, Texas Bar Foundation

**PROFESSIONAL HISTORY**

Former staff attorney, Gulf Coast Legal Foundation, Housing & Consumer Unit  
Licensed to practice in Texas and before the U.S. District Court for the Southern District of Texas,  
Tax Court, the U.S. Court of Appeals for the Fifth Circuit, and the United States Supreme Court

**LAW RELATED PUBLICATIONS, ACADEMIC APPOINTMENTS AND HONORS**

Author/Speaker for the State Bar of Texas 2006 Building Blocks of Wills, Estates and Probate  
Course  
*I.R.C. § 103 and Exclusion of Interest on Texas Lottery Prize Installments*, presented September 26,  
2006 to the Wednesday Tax Forum, Houston, Texas  
Planning Committee for the State Bar of Texas 2007 Building Blocks of Wills, Estates and Probate  
Course  
Author/Speaker for the State Bar of Texas 2007 Building Blocks of Wills, Estates and Probate  
Course  
Author/Speaker for the State Bar of Texas 2007 Advanced Estate Planning and Probate Course  
Author/Speaker for the TSCPA CPE Foundation 2007 CPE Family Conference  
Author for the American Bar Association 2008 Midyear Meeting, Taxation Section  
Author/Speaker for the 2010 Galveston Co. Bar Foundation Electronic Filing, Evidence &  
Technology seminar  
Author/Speaker for the 2010 Houston Bar Association Family Law Institute  
Author/Speaker for Society of Financial Service Professionals April 21, 2010 estate planning brown  
bag  
Editorial board member of *The Advocate*, the journal of the State Bar of Texas Litigation Section,  
2007–2012  
Associate editor, *Texas Probate System* (4th Edition)

**LANGUAGES**

Spanish

**REPORTED CASES**

*Hardy v. 11702 Memorial, Ltd.*, 176 S.W.3d 266 (Tex. App.—Houston [1st Dist.] Jul. 15, 2004, no  
pet .)



## Get your affairs in order

When the doctor tells you to get your affairs in order, don't. If you couldn't get organized under the best of circumstances, impending doom won't make it easier. And don't imagine a half-hearted effort helps your family. When death is imminent, anything you might attempt in a panic is better done by someone else once you're gone, or at least comatose.

If you see yourself in that scenario, this article is not for you. This article is for the planners; for those people whose idea of a good time includes preparing a personal financial statement on a Saturday night.

To get your affairs in order, make a will, sign powers of attorney, list your assets, prepare a cash flow statement, and leave all where your family or agents can find them. A safe deposit box is a good investment. Don't forget passwords, or, better yet, the credentials to your password manager. Absent passwords, throw in year-end statements for each account, for contact information and a semi-recent balance.

Decedents' estates exit probate one asset at a time, not one will at a time. The better organized your business, the lower the probate lawyer's bill. The effort saves money for your heirs, and is an invaluable gift to a surviving spouse.

For the selfish, consider that disability is inevitable, and that organization extends the time you can remain at home. The more manageable your business, the longer you can manage it. When you cannot manage alone, a C.P.A. or bookkeeper will be more enthused and less expensive if your business is tidy. Friends and family will do more for you if not confronted with an unholy mess. Disorganized packrats go to the nursing home first.

For model forms, visit [http://rwhpc.com/order\\_affairs](http://rwhpc.com/order_affairs). A balance sheet, listing debts and assets, is useful for financial planning, and when probating an estate. But to help friends or family help you, nothing beats a cash flow statement, listing utilities, out-of-pocket medical and prescription expenses, property and income taxes, and other essentials of independent living.

Forms can be overwhelming, so start simple. Keep two spreadsheets, one for debts and assets, and a second for income and expenses. Update them every time you open the mail or pay a bill, and your forms will build themselves.

We write wills and go to probate court. We offer no-obligation initial interviews for estate planning and administration, so it costs nothing to hear specific recommendations that suit your needs. Foreign nationals and international families welcome.

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**PERSONAL BALANCE SHEET**

Name (S)

ASSETS	Title (Who owns this asset?) [1]	Rights of Survivorship (if multiple owners, do surviving owners automatically inherit?) [2]		Agent (Who can act when the owner is disabled?) [3]	Designated Beneficiary (Who inherits when the last owner dies?) [4]	Approximate Value	Comments	
Home								
Other real estate								
Oil, gas and other mineral interests								
Stocks, bonds, mutual funds and other investments								
Cash, CDs, money market accounts ("after-tax")								
Automobiles, motorcycles, boats, trailers and other vehicles								
Valuable collections/collectibles/hothomes								
Retirement assets, such as 401(k) plans, profit sharing plans, pension plans, IRAs, etc ("pre-tax")								
Life insurance ("Approximate Value" here means cash value; note the death benefit in Comments)								
Closely held business interests (describe)								
Other miscellaneous assets (describe)								
Total assets							\$	-

- [1] Look to the monthly statement, or better yet, the deed, car or other title, or account agreement to determine the owner(s).
- [2] Rights of survivorship trump the will, making these nonprobate assets. "JTWROS" on a monthly statement usually confirms a right of survivorship among joint owners. Look to the account agreement to be certain. Complete account agreements can be difficult to locate (because they incorporate additional terms and definitions from another document), but buried in the fine print is often a right of survivorship, especially among institutions that follow New York law. The effect can be to leave all to someone that was added as an afterthought, e.g., for disability planning.
- [3] Don't assume your lawyer's power of attorney will be recognized by the bank or broker. Banks often require the agent be designated on the original account agreement. Brokers usually permit an agent to be named later, but require their form be used. Before relying on a power of attorney, the agent should present it to the bank or other institution and confirm they will accept it, while there is still time for the owner to complete the preferred form.
- [4] Beneficiary designations trump the will. Most estate planning attorneys offer suggested beneficiary designations to coordinate these nonprobate assets with the will.

**LIABILITIES**

**Borrower(s)**

**Co-signer(s)**

**Comments**

**Mortgage on home**  
[Name the lender and account number]

**Other real estate mortgages**  
[Name the lender and account number]

**Personal debt (credit cards, car notes, etc.)**

[Name lender and account number]

[Name lender and account number]

[Name lender and account number]

[List doctor/dentist bills]

**Accrued taxes**

[Income tax]

[Property tax]

**Other debts**

[E.g., charitable pledge, life insurance loan, intrafamily loan]

**Total liabilities**

\$ -

**NET WORTH**

\$ -

**PERSONAL CASH FLOW STATEMENT**

Name (s)

**CASH INFLOWS**

	Checking	Savings	Money Market	Credit Card	Subtotal	Comments [1]
Wages and salaries					-	
Self-employment income					-	
Bonuses and commissions					-	
Pensions and annuities [2]					-	
Social Security [3]					-	
IRA distributions [4]					-	
Pensions					-	
Annuities					-	
Investment income					-	
Interest					-	
Dividends					-	
Sale of securities					-	
Other income					-	
<b>Total income</b>					<b>\$ -</b>	

- [1] If managed online, record website, userid, and password somewhere. Visit Lastpass.com for a password manager.
- [2] Is income tax withheld? How much? Will estimated quarterly payments be necessary?
- [3] Are Medicare premiums deducted or income tax withheld?
- [4] Are minimum required distributions required? Are they automatic or is a specific request necessary each year?

**CASH OUTFLOWS**

	Checking	Savings	Money Market	Credit Card	Subtotal	Comments
Housing					-	
Rent/mortgage payments					-	
Yard man					-	
Cleaning lady					-	
Repairs and maintenance					-	
Utilities					-	
Alarm					-	
Gas					-	
Electric					-	
Water					-	
Phone					-	
Cable and internet					-	
Computer backup					-	
Food					-	
Groceries					-	
Dining out					-	
Autos					-	



	Checking	Savings	Money Market	Credit Card	Subtotal	Comments
Loan					-	
Registration and inspection fees					-	
Gas, tires, maintenance					-	
Medical					-	
Deductible and out-of-pocket					-	
Prescription					-	
Clothing					-	
Insurance [5]					-	
Auto					-	
Disability					-	
Long term care					-	
Life					-	
Flood					-	
Homeowner's					-	
Medical					-	
Prescription					-	
Taxes					-	
Income					-	
Property					-	
Tax preparation fees					-	
Appliances, furniture					-	
Loan payments					-	
Purchase and repairs					-	
Personal care					-	
Laundry and dry cleaning					-	
Cosmetics and hair					-	
Recreation					-	
Entertainment					-	
Vacation					-	
Gifts					-	
Charitable contributions					-	
Cash [6]					-	
Credit card payments					-	
<b>Total expenses</b>					<u>\$ -</u>	

[5] Don't post the cost of insurance provided by employer or through payroll deduction, but do identify those coverages in the comments. E.g., "\$250,000 group life at work" or "\$10,000 death benefit at work."

[6] Technically, cash isn't an expense. However, this cash flow statement is as much for household management as budgeting. If you pay the yard man and others in cash, buy groceries or meals with cash, etc., it's fine to summarize cash here rather than itemize elsewhere.

**CASH SURPLUS (OR DEFICIT)**

\$ -

## Passing the torch

If you live long enough, one day you'll discover the kids are in charge. If you don't make it that far, you died, and the kids are in charge anyway.

Either way, estate planning lightens their load and reduces the legal fees. Make a will, sign powers of attorney, update beneficiaries, list your assets, discuss with family. Visit [www.rwhpc.com/order\\_your\\_affairs](http://www.rwhpc.com/order_your_affairs) for suggestions and worksheets.

These are difficult, thankless tasks. "Discuss with family" is in a category by itself. Otherwise rational people prefer death or natural childbirth to discussing money. If you can't or shouldn't talk money with family, ask your financial advisor. Many offer resources for talking with loved ones, and alternatives when they can't handle the responsibility.

If you are an adult child, visit [www.davidsolie.com/](http://www.davidsolie.com/) about starting the conversation. The "When the Bottom Falls Out Mind Map" is priceless.

In a perfect world, you never lose your mind, and the kids are grateful to help. As age robs you of endurance, but before a crisis, the kids start reading your leftover mail. Once a week is enough. You're still in charge, and they're not doing anything, just reading. But they start posting your assets to a balance sheet, and your income and expenses to a cash flow statement. It's slow going. Some statements are quarterly. Others, like insurance summaries, come just once a year. It's a couple of years before they can get through the mail without surprises.

At some point you send your powers of attorney to each bank and broker, and confirm they work. Account by account, the kids are confirmed as agents. You're still in charge, but when you have questions now, you ask the kids first.

They set up a password manager for you. The kids can see your utilities, your prescription drugs, even your bank accounts. Did that insurance check clear? The kids know before you do.

You stop preparing your own taxes and get a CPA. The kids scanned your 1099s, and compile your tax information. You still review and sign your return, but it's nice having help.

You have a couple of financial advisors, but they don't talk. The kids organize long overdue meetings with each one.

You go to the hospital one day. You survive, but go to skilled nursing instead of home. When the first bill arrives, the kids pay it with your money rather than theirs.

You weren't prepared for this day, but they were. Congratulations, you passed the torch.

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## Checklist for Family Caregivers

I love the AARP's Sally Balch Hurme, and now she knows it. Together with the American Bar Association, she has published three checklists, one for estate planning, a second for probate, and now a third one for caregiving.

When the bottom falls out and you have to pick up the pieces for someone else, reach for her latest book, the Checklist for Family Caregivers: A Guide to Making It Manageable. Like the first two books, each chapter leads with to-do's, explains what they mean, and ends with checklists to complete.

The forms are available for free at [www.ambar.org/caregivers](http://www.ambar.org/caregivers). Buy the book. For \$17, Aunt Sally shares helpful hints your lawyer never knew, or that are expensive to learn on your own. Thought Mom needed a CPA? Maybe a daily money manager is a better fit ([www.aadmm.com](http://www.aadmm.com)). Not sure how to manage money yourself? Aunt Sally suggests [www.consumerfinance.gov/blog/managing-someone-elses-money/](http://www.consumerfinance.gov/blog/managing-someone-elses-money/). Hiring a sitter for Mom? Reach chapter 6, Deciphering Contracts.

Chapter 4, Making Decisions for Someone Else, is worth a semester of law school. Maybe two. Aunt Sally explains what it means to be an agent, a trustee, a representative payee, and a guardian, and does it well enough that lawyers and clients should take turns reading the chapter out loud to each other.

This one humbled me as I read it: you can't get a power of attorney over someone; it has to be given to you. The agent doesn't take over and make decisions for the principal. The agent makes sure the principal's decisions are accomplished. In other words, if you have Mom's power of attorney, you are her servant, not her master.

Checklists are not enough, and Aunt Sally knows it. She suggests [www.guardianship.org](http://www.guardianship.org) for standards of practice that are as helpful to the amateur as the professional. When Dad falls in your lap, are you supposed to balance his checkbook or rebalance his portfolio first? Even if you are not a guardian, knowing where they start and what they do gives you something concrete to discuss with Dad and the rest of the family.

The references in the Checklist for Family Caregivers are golden, but How to Care for Your Aging Parents, by Virginia Morris, makes a nice companion title, especially when you're tired of homework and just want an answer. Morris shares everything she knows; Balche Hurme highlights the shorter list of things every caregiver should know.

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