

# *After the* Diagnosis

## Getting Your Finances Under Control When Your World Is Thrown Out Of Control

By

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## AFTER THE DIAGNOSIS

**M**att was a successful orthodontist, with a thriving business in Northern California. He had a passion for motorcycles and collected over 20 of them before he received the news that his colon cancer, which he thought he had beaten over one year prior, had spread to his liver and his lungs. The next month of his life was filled with doctor visits, various alternative treatments and hospitals.

“We were just going to seek treatment all the time,” explains Matt’s wife Marcia. “He was flying down to LA for treatment. When he realized that wasn’t going to work, we tried another treatment with a chiropractor and other alternative treatments. He was just trying to look at all the options.”

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*Getting a life-altering diagnosis is often debilitating for both the patient and the patient’s family.*

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Getting a terminal or life-altering diagnosis is often debilitating for both the patient and the patient’s family. Marcia and Matt’s once successful and enjoyable life had quickly been changed to a world where the only focus was Matt’s health. Everything else, his business, his finances and even his life’s passion—his motorcycles—were forgotten. As in the case with Matt, a life changing diagnosis can often be unexpected and may be the result of an accident or an illness. It may result in one of several outcomes including complete recovery, partial recovery, reduced function going forward, protracted severe illness or even death.

No matter what the cause or the outcome, the individual is changed by the experience. Many learn to value their relationships as never before, value their time and choose to live more purposeful lives, or choose to die well. Experts differ on the emotional reaction to a terminal or life changing illness. In Elizabeth Kubler Ross’s book, *On Death and Dying*, she describes five stages of dying that she found most patients go through upon receiving life-threatening news. These stages include:

- **Denial:** a temporary state of shock, usually a form of defense for patient or family member
- **Anger:** fueled by the loss of control, and replaces denial with rage, envy and resentment
- **Bargaining:** making deals with someone perceived as having control over their

well being in an attempt to live until a certain goal is reached (for example, a wedding is attended, a baby is born), this stage is usually an attempt to postpone death

- **Depression:** rage and anger are displaced with sense of loss at the inevitable
- **Acceptance:** dying patient finds peace and acceptance, circle of interests diminish, prefer fewer visits and distractions, becomes void of feelings

John Bowlby, a well-published psychiatrist has broken down the stages of grief in four steps, including:

- **Numbing:** usually lasting from a few hours to a week and may be interrupted by outbursts of extremely intense distress and/or anger
- **Yearning:** a searching for the lost figure lasting some months or sometimes for years
- **Disorganization and Despair**
- **Organization:** greater or less degree of organization

Whichever theory you subscribe to, it is clear that both family and patient will be overwhelmed by this new diagnosis. While juggling the medical aspects of a diagnosis, families are immersed in a world that is often foreign to them, filled with doctors, specialists, treatments and hospitals. A patient often feels that they do not have control of their life anymore. In the series “Coping with Loss; The Dying Adult”, authors Colin Murray Parkes and Andre Markus find that one of the hardest problems after a diagnosis is living with uncertainty. After asking patients with life threatening illness their fears, they found that after fear of separation from loved ones, patients 1) fear becoming a burden to others, 2) fear losing control of their life and 3) fear for their dependents.

One very important way for a patient and their family to gain control is to take control of their finances. Many patients overlook the fact that in addition to assessing the medical aspects of this situation, it is critical to assess the strength of one’s financial situation as well. This is not only important in order to ensure that affairs are in order and medical bills can be paid, but it often leads to a sense of gaining some level of control in a patient’s life, which can be comforting to someone whose life has been thrown out of control.

All of the patients’ fears mentioned above are linked to one’s financial freedom in

one way or another. Those who fear becoming a burden to others and fear for their dependents can feel relief when they know their financial affairs are in order and money is allocated to ensure medical issues are covered and goals that are important to them can be reached. They can take comfort knowing they have a plan for their family regardless of the outcome of their changing situation. For patients who fear losing control of their life, organizing their financial affairs is often the only thing they can get control of after the diagnosis. Patients can feel in control when they ensure their wishes are expressed and written. Often the distraction of focusing on something besides their health can help overcome the paralysis and debilitation of loss and grief that patients and family members both suffer from.

However, to a patient and their family, the financial world can be just as disorienting as the medical world, and sometimes even more so. While most patients will ask their doctors, nurses and specialists medical questions, few patients seek out an advisor to ask important financial questions. For many families, money is a taboo

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*For many families, money is a taboo subject that is not discussed during the best of times, let alone times of crisis.*

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subject that is not discussed during the best of times, let alone times of crisis. Often times the financial implications of the illness are simply ignored.

“This is a common example of what happens in my firm,” explains Bob Ahern of Moss Adams, a national accounting firm with offices in Sacramento. “With one client I had, I tried for years to get him to get his will together. Even though he had two kids, he didn’t want to think about it. Even when he was diagnosed with cancer, he still didn’t want to think about it. In reality many clients, especially the younger ones, feel like they have years and years to live and they don’t want to deal with end of life financial planning. It’s when they

get hit with a bombshell, like a diagnosis of cancer or similar situation, when they realize they need to get their affairs in order. It’s even more tragic when an unexpected death occurs before they’ve had a chance to plan.”

However, like the illness itself, ignoring one’s financial house at this time isn’t going to make things easier in the long run. Whether a patient chooses to personally take control of his or her finances or chooses to focus their time on family, having a trusted financial advisor during this crisis is critical. A skilled advisor can help those who prefer to remain actively involved in their finances, even while they are dealing with significant impairments, by filling a supportive, consultative role. Conversely, for clients who want to spend their time with family or other

interests, a skilled advisor can take a more prominent leadership role and help transition the decision making process to the family member who will fill that role in the future. In short, the advisor is there to take the clients' wishes to heart, make the clients' goals their own and help create a smooth transition into new roles going forward, regardless of whether the outcome is full recovery, living with some diminished capacity or death.

## ORGANIZING YOUR FINANCES

### *Finances Defined*

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In order to gain control over their finances, patients and their families need to understand what makes up a well-planned financial life. Below are various elements that make up a healthy financial situation and what each element includes.

**Investments:** This includes all your stocks, bonds, mutual funds, annuities and alternative investments. It may be divided by purpose, depending on your goals. One might want to focus on retirement, education for their children, a house at the lake, healthcare for a special needs child or charitable purposes.

**Insurance:** This is the financial independence component of your personal financial structure. It contains your personal insurance—life, disability, health and long-term care insurance. It includes everything you may need to insure that your goals are protected from the threats to your person that could affect your ability to reach your goals; or, in the case of major medical or long-term care, that could siphon off significant assets to other purposes. If you own a business, there are a variety of business risks that can be minimized with appropriate insurance. Good property and casualty insurance with a strong umbrella policy can minimize many threats, including the impact of lawsuits. As circumstances change over time, these needs change and the amount of risk you self-insure may also change.

**Real estate:** For most families, real estate includes a major asset—personal residences, vacation properties, business properties or those properties acquired for investment purposes. It is important to properly title all of these properties to maximize their value, protect yourself from risks and to minimize estate taxes.

**Estate planning:** This addresses questions about how assets are distributed, how

goals can still be fulfilled and how taxes can be minimized in the event of a death. It also identifies who will care for any dependent children and who will give directions about health care, organ donation and other important matters.

**Bank, trusts and mortgages:** This section includes mortgages on property, important banking relationships for personal and business reasons or corporate trustees that will administer some trusts and sometimes act as contingents.

**Legal:** This includes all legal items, including estate planning documents and health care directives. This also includes valuable advice for you or your family regarding the proper titling of property and administering the estate if a death has occurred. This section also pertains to the legal documents surrounding buying and selling businesses, business succession planning and much more.

**Accounting:** This section includes all accounting related material—tax preparation and filing, tax planning, business valuations and analysis, the tax and accounting aspects of estate planning and general business consulting.

### *Tending to Your Finances*

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Getting all these finances in order is no small task. Most people tend to have one segment of their finances under control, such as investments, but lack proper coverage in another segment, like insurance. For most people, a financial advisor is essential in order to upgrade their financial situation from moderate to excellent. This is especially true when one is focused on serious health issues.

Once a diagnosis is made, the patient and family are barraged with decisions, both medical and financial. Once the medical issues are manageable, patients then realize that their financial health needs to be tended. In a study published in JAMA, the Journal of the American Medical Association, researchers asked patients and their families to rate which factors were important to them at the end of their life. Out of 26 different factors, researchers found that “Name a decision maker” ranked second on the list, with 98 percent of both patients and their family rating it as important. Similarly, “Have financial affairs in order” was ranked eighth on the list, with 94 percent of both patients and family agreeing that it was “very important” to them. (See Table 1.)

**Table I. Factors Important at End of Life**

*Whether you see your end of life as near or far away,  
you may find this study helpful to you.*

<b>Attributes Family</b>	<b>Patients</b>	<b>Patient's</b>
	<i>(% who thought attribute was very important at end of life)</i>	
Be kept clean	99%	99%
Name a decision maker	98%	98%
Have a nurse that one feels comfortable with	97%	98%
Know what to expect	96%	93%
Have someone who will listen	95%	98%
Maintain dignity	95%	98%
Trust physician	94%	97%
Have financial affairs in order	94%	94%
Be free of pain	93%	95%
Maintain sense of humor	93%	87%
Say goodbye to loved ones	90%	92%
Be free of shortness of breath	90%	87%
Be free of anxiety	90%	91%
Have physician with whom one can discuss fears	90%	91%
Have physician who knows one as a whole person	88%	92%
Resolve unfinished business with family or friends	86%	85%
Have physical touch	86%	94%
A physician that is comfortable talking about death and dying	86%	85%
Share time with close friends	85%	91%
Believe family is prepared for one's death	85%	88%
Feel prepared to die	84%	81%
Presence of family	81%	95%
Treatment preferences in writing	81%	85%
Not die alone	75%	93%
Remember personal accomplishments	74%	80%
Receive care from personal physician	73%	77%

It is clear that patients and their families understand the importance of putting finances and wishes in order. The next step is to establish who will attend to the myriad of financial issues, forms and decisions that need to be made. While being involved in the process is often comforting to the patient, it can also be overwhelming. The challenge for those newly diagnosed is often finding a balance between doing everything for themselves and losing complete control of crucial financial decisions.

Finding a trusted financial advisor can be an excellent answer to this dilemma. With a new diagnosis or a death in the family, a personal advisor can be of great comfort to a family. It is essential to find an advisor willing to immerse themselves into the lives and needs of a patient and their family. A good advisor should spend

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*The stress of getting finances in order should never interfere with a patient's medical care, though both may need tending.*

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time listening to prospective clients and focus on determining their values, goals, fears and dreams. In addition, an advisor with significant experience counseling others through difficult situations such as these can add a greater sense of relief. Professionals with counseling skills are specially trained at helping people who are struggling with bereavement issues. They can help those going through the grief process to be sure that their needs are met, even when they themselves are not able to imagine what those needs are.

A good way to think of this specialized advisor is as the family's own chief financial officer (CFO). In a corporation, the CFO is often the most trusted advisor of the chief executive officer (CEO). Gone are the days when the CFO acts as just a "numbers person." The CFO and the CEO work together in a close partnership with the Board of Directors to accomplish the company's mission.

In many ways families operate like corporations. They are engaged in many of the same functions: budgeting, planning or managing risk and investments all while focusing on the realization of their family goals, values and dreams for the future.

Working closely with the CEO, (the patient and/or family) the family CFO oversees and coordinates the budgeting, strategic planning, financial statements and reporting, working capital and investment and risk management functions for the family. This frees up the CEO to focus on what matters most to them and on what they do best.

### *Getting Priorities in Order*

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The stress of getting finances in order should never interfere with a patient's medical care, yet both may need tending. A family CFO can significantly reduce this stress by helping set the priorities and leading the decision makers through the process. Not everything in a patient's financial portfolio needs to be taken care of at the same time.

Of course, circumstances dictate the priorities, sequence and speed with which financial aspects are addressed. A life-threatening diagnosis may dictate that certain financial issues, like estate planning may be more urgent than other issues like reviewing property and casualty insurance coverage. In fact, the diagnosis may require accomplishing several things in a very short period of time. Sometimes that compresses work that may otherwise be spread out over years down to a period of days. A personal financial advisor (or CFO) should not only be able to handle these financial issues with competence, but also be able to understand the human dimensions of the patient's situation and be willing to support them through their time of crisis. So, in addition to finding an advisor with several years of experience, be sure to find one who has experience dealing with tough emotional issues and won't be intimidated by the situation. Having an advisor that can listen and make informed financial decisions can be a great help and comfort to the patient and their family.

## THE NEXT STEPS

**A**fter a diagnosis, dozens of documents may need to be gathered. Many documents have been filed away, such as insurance policies, and still others, like living wills, may have never been considered and may now need to be created.

According to Francine Vorhees, an accountant at Moss Adams, "There are a lot of little things that people just don't think about or address that effect the outcome of their estate plan—how property is titled, retirement plan beneficiary designations, or life insurance, for example."

### *What to do Directly After a Diagnosis*

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Keep in mind that these items should be dealt with as priorities allow.

- Hire your personal/family advisor, or CFO.
- Select the key advisor team, including a personal chief financial officer, CPA, and an attorney. Other team members may include an appraiser, insurance specialist and trustee, and an investment advisor. Some team members may fill multiple roles.
- Clarify goals and values.

### *What to do in the First Few Weeks or Months After the Diagnosis*

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- Prepare an asset inventory list, including any personal property you own that is over \$1,000 in value (cars, art, jewelry, collectibles, etc.).
- Review and update all estate planning documents.
- Life and disability insurance review. List all policies, including personal, work, credit, etc. Check ownership and consider tax implications.
- Review all beneficiary designations: life and disability insurance, retirement, etc.
- Get beneficiary contact information: name, phone, address and Social Security number.
- Review titling of all assets, including property, bank and securities accounts.
- Check on business buy/sell agreements, succession planning, etc.
- Keep track of all expenses related to illness or accident.

### *Which Documents to Gather*

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Don't let the length of this list overwhelm you. A good financial advisor may be able to help you with some of these tasks. Also, keep in mind that once all documents are gathered, you will have taken a huge step toward getting your financial house in order.

- Any wills.
- Trusts.
- Deeds on properties you own.
- Life and disability policies. List name of insured, beneficiary and benefit amount.
- Titles to any vehicles you own.
- Cemetery deeds.
- Military service records.
- Divorce decree or legal separation agreement.
- Citizenship papers or passport.
- Certificates, including birth, adoption, baptismal and marriage.
- All bank accounts. Include name, address and phone number of institution, account number and name of contact person if you have one.
- Name, phone and address of institution with safety deposit boxes, and location of your keys.
- All brokerage accounts and the agents who service you.
- Name, phone number and address of any legal or accounting professional who helps you with your taxes or legal issues.
- List any promissory notes you either hold or owe to others.
- List company and policy numbers of any life, health, disability, homeowners, auto, umbrella, nursing home or long-term care insurance and your agent's name and contact information.
- List any property owned that is managed by a property manager.
- If you own a business, include the person you want notified in case of emergency.
- If you are employed, include who to call and their phone number at your work for notification of an emergency.
- A list of family members to be contacted can be very helpful.
- Include the last three years' tax returns.

## WHAT TO DO IF DEATH OCCURS

If the worst scenario does occur, knowing what needs to be done, financially speaking, could comfort those grieving and those searching for a sense of control in their lives. Below is a list of things that need to be accomplished after the death of a loved one. A trusted financial advisor or personal chief financial officer would be able to take care of most of these tasks and leave you time to grieve with your family.

### **What to do in the days following death:**

At the immediate time of death, there is nothing that needs to happen from a financial planning standpoint. Instead, spend time dealing with the doctors, funeral homes and immediate family members. After these issues have been resolved, the next steps will be to:

- Maintain or create a detailed list of all expenses relating to the final care and/or death of the decedent. These expenses may be reimbursable and are deductible from a tax standpoint.
- Locate the original copy of the will or trust, if there is one.
- Contact the deceased person's financial planner, CPA and estate planning attorney and let them know about the death of the patient. The attorney should prepare any documents necessary to grant Sole Trustee status to the Successor Trustee of the trust. This will give the Trustee access to assets within the trust to cover costs of the funeral and/or other related expenses.
- Request a minimum of ten death certificates from the funeral home. Most financial institutions, banks, brokerage houses, insurance companies will require an original certificate as may some other institutions.
- Locate all the estate planning, legal and financial documents that pertain to the deceased person's assets such as deeds, trusts, stocks, bonds and insurance policies. Put all documents in a safe and easily accessible location.

### **What to do in the weeks following a death:**

- Contact the insurance agent or agency handling each life insurance policy and request death benefit claim forms.
- Get a list of all the beneficiaries of the insurance policies with their age, relationship to deceased and their current address and phone number.
- Contact the deceased's employer and check if any retirement plans or life insurance policies are in place and request the necessary claim forms.
- Gather all of the decedent's bills and expenses that are coming due, including bank and brokerage statements as well as last year's tax return.
- Check with banks and credit cards companies to see if there was additional life insurance connected with the decedent's accounts.

## AFTER THE DIAGNOSIS

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- Contact all of the financial institutions that hold any assets of the deceased. Advise them you need the values of each account as of the date of death. Ask them to send you a copy of this information. Be sure to get the name and telephone extension of the individual assisting you.
- Create a list of any valuables (tangible property) over \$1,000 in value.

### **What to do after receiving the death certificates:**

- Process life insurance claims.
- Apply for Social Security benefits at (800) 772-1213 (and/or the Veteran's office at 916-731-7300 if applicable) and advise them of the death of the individual. Otherwise you will be required to pay back any monies that are overpaid to the decedent. Many times the funeral home will have notified Social Security, please confirm this with them.
- Close credit card accounts and destroy credit cards.
- Notify banks and other brokerage firms to remove the deceased's name from any joint accounts.
- Work with a financial planner to develop a long-term investment plan for the estate assets including any life insurance benefits that will be received.

## ORGANIZATION BEFORE A CRISIS OCCURS

*A Financial Check Sheet for All Who Strive for Financial Well Being*

Before hardship strikes, organize all-important papers to ensure easy access in difficult times. If you were to become ill, incapacitated or die, your personal organization would help your trustee or family gather all needed items to help with your care or care for your estate. If nothing else, the constant threat of terrorism since September 11, 2001 reminds us all of our own vulnerability. We know that busy people may find completing all of these tasks very daunting. It can take up to six months or a year. If you want or need to have this completed more rapidly, you may need to delegate some things to your personal chief financial officer and enlist other family members. Here is an abbreviated list to help you get started. In time you will want to cover everything that applies to you from the list “Which Documents to Gather” found on page 11.

- Clarify goals and values.
- Select the key advisor team, including personal chief financial officer, CPA, and an attorney. Other team members may include an appraiser, insurance specialist and trustee, and an investment advisor. Some team members may fill multiple roles.
- Gather or create a few important personal and financial documents. Don't let the length of this list intimidate you.
  - Wills.
  - Trusts.
  - Deeds on properties you own.
  - Life and disability policies.
  - Titles to any vehicles you own.
  - Military service records.
  - Citizenship papers or passport.
  - Certificates: birth, adoption, baptismal and marriage.
  - All bank accounts, including name, address and phone number of institution, account number and name of contact person if you have one.
  - All brokerage accounts and the agents who service you.
  - List any promissory notes you either hold or owe to others.
  - List company and policy numbers of any life, health, disability, homeowners, auto, umbrella, nursing home or long-term care insurance and your agent's name and contact information.
  - A list of family members to be contacted can be very helpful information to include.
  - Last three years' tax returns.

*Excerpt from American Eagle Wealth Advisors worksheet, “Financial Data Organizer.”  
To obtain a full copy of this helpful worksheet, contact Ed Dower at (888) 558-5518.*

## A FINAL WORD FROM THE AUTHOR

**Y**ou may be wondering about Matt. Matt lost his battle with cancer, but before he did I became his trusted advisor, both financially and emotionally. When I found out that his cancer had recurred and spread, I developed a plan showing him how the family finances would work out if: a) he beat the cancer or, b) the cancer beat him. Reviewing the two plans took only about 10 minutes. The rest of the time we spent talking about what was really important to him. Although we got together two or three more times in the next month before he died, we never talked about money again. He spent his time focusing on his family and leaving a legacy of memories behind for them to treasure long after his death.

In the years since Matt's death, Marcia and I have worked together to do all of the things I have addressed in this paper as well as several other tasks. Matt's memory continues to be an inspiration to all of us who knew him well. I feel honored to have been able to help fulfill his dreams for his family.

### *About the Author*

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Ed Dower is the principal of American Eagle Wealth Advisors. He has over 20 years of experience helping people clarify and help advance their financial goals. Before becoming a financial advisor, Ed spent four years as a pastor and 12 years as a high school teacher.

In each of his careers, Ed has dedicated himself to becoming the best that he could be, earning a master's degree in divinity and doctorate in education from Andrews University in Michigan.

Ed founded American Eagle based on his commitment to offering the highest level of service and quality. He is a registered investment advisor licensed through the California Departments of Corporations and Insurance. Ed is also a branch manager and financial advisor with Raymond James Financial Services Inc. His pursuit of excellence regularly takes him to regional and national conferences and seminars to learn the latest trends in wealth management from some of our nation's leading authorities.

### *Ed and Donna's Personal Story*

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Along with their vast experience in financial matters, Ed and Donna's tragic personal loss helps them relate to their clients. On October 23, 1987, Ed and Donna were informed by a young police officer that their 18-year-old daughter had just been killed in a car accident. From her death they have gained a new understanding of grief and the process that occurs when there is a crisis in one's life. They understand that as you work to rebuild your life, it is incredibly hard to concentrate on simple tasks that need to be done and even harder to simply work for more than a few minutes at a time. Just as friends were there for them, Ed and Donna reach out to their clients and try to help them through the hardest of times.

### *About American Eagle Wealth Advisors*

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American Eagle Wealth Advisors is a family-run firm with worldwide resources that has been in business for more than 18 years. Ed Dower is the founder and principal of the firm and Donna Dower is the operations manager.

Before working at American Eagle, Donna worked as a registered nurse for 25 years and managed several doctors' offices. She developed a keen sense of compassion and sensitivity in her nursing years, as well as a rigorous dedication to organization and attention to detail.

With this combined experience, the company strives to relieve the financial concerns of families who are facing life's biggest challenges. They work with clients who have recently lost a loved one or who have just received a life-changing diagnosis, and help to put all aspects of their financial house in order so that clients may devote their time and efforts to the things they care most about. American Eagle is often introduced to their clients during a time of special need but typically continue to provide comprehensive financial services for as long as their experience is needed and valuable.

If you, or someone you know, needs a consultation with a trusted advisor, please contact us.

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