Q&A with Financial Advisor Kate Waters:

Estate Planning and Charitable Giving in the Current Environment

The events of spring 2020 have highlighted for countless families the importance of estate planning. Moreover, many of us are looking for ways to support those who have been impacted financially by these events.

We spoke with Kate Waters, CFP®, CPM®, a Financial Advisor, Dedicated Equity Plan Specialist and Senior Partner at The BTW Group at Morgan Stanley, about some of the key questions we are hearing on these topics. Following is a summary of our conversation.

**Recognizing the health-related nature of recent events, what are some steps a person should take to protect their family, including protecting their assets, if something should happen to them?**

**KW:** It’s a good idea to have a one- or two-page document that gives your loved ones information on where your assets are and how to access them. This could include usernames and passwords for financial accounts, healthcare proxies, property deeds and other key documents. You can either store this in a secure physical location, like a safe deposit box or a safe in your home, or in an encrypted digital vault (which are often offered by financial institutions, including Morgan Stanley).

It is also prudent to update your estate documents every three to five years, and certainly when there are any major changes in your life. And if you do work with a Financial Advisor, give them the name of a trusted contact – someone who is up to date on your affairs and can step in if something should happen to you.

**If you are the executor or executrix of a will for a close friend or family member, what are your responsibilities? What do you need to do to settle their estate?**

**KW:** The first thing to do is to find an attorney who can help you settle the estate. If your loved one had worked with an attorney and you feel comfortable with them, that could be a good option. You’ll want to set up meetings with the attorney to understand the wishes of the person who passed.

The second thing you need to do is get multiple copies of the death certificate, which you’ll provide to the deceased person’s
banks, brokerage account administrators, employers, etc. This is something many people don’t know to ask for, but it’s essential. The third important step is to get a lay of the land in terms of the loved one’s assets and how they are titled, and whether or not they’re held in trust. There’s something called probate, which you will have to go through for any assets that are outside a trust, insurance policy or retirement account, or that are held in the individual’s name. A lawyer will handle this process for you, but you should be aware of it.

**Are there any pitfalls someone in the role of executor or executrix needs to watch out for?**

**KW:** I’d encourage anyone in this role to understand that you have a legal responsibility to honor the intent of the deceased. You have to take care not to let anybody influence your decisions in this role. Oftentimes when someone passes away, especially if they’d accumulated wealth, you may find people inserting themselves in the situation and trying to influence the flow of assets from the estate. But you have the obligation to uphold the deceased’s wishes. It’s a big responsibility, but working with a tax accountant, an attorney and a Financial Advisor can help you determine the best way to act upon your duty properly.

**For many, charitable giving is an important part of carving out a legacy. If someone is fortunate to be in a strong financial position, what are some good ways to give back to the community during this time?**

**KW:** When thinking about philanthropy, the first thing to do is understand what’s important to you. Right now, many people are giving what they can to food banks and organizations like No Kid Hungry, which are vital lifelines for those in need. Others have a long-held passion for supporting children or women or education. Once you’ve determined which areas are important to you in terms of giving, come up with a list of organizations that can help you make an impact in those areas.

There are a lot of investment tools that can help you to do this. For example, there are donor-advised funds, which basically allow you to have an account designated for charitable purposes. Any contributions you make to donor-advised funds are tax deductible; you should work with your accountant and Financial Advisor to decide a donation amount that is appropriate for your situation and will simultaneously give you the most “bang for your buck” from a tax perspective.

When you use a vehicle like that, you can identify the organizations that are in line with the causes you’d most like to support with your philanthropic money. And one of the beauties of those vehicles is that they do a search to make sure the charities you’re potentially giving to are accredited and that there’s no fraudulent activity. And importantly, this kind of fund allows you to invest your philanthropic dollars, so any money that goes in can potentially grow through a variety of investment products.

**Are there additional ways someone can make their charitable contributions stretch?**

**KW:** A lot of employers will make matching gifts for their employees’ charitable donations, and some also have windows where they’ll match a higher percentage. If this is available at your company and you’re looking to make a difference, be sure to take advantage so you can maximize the amount your selected charity receives. Companies with these programs in place are demonstrating their care for the communities they serve and the broader world, and they give their employees a great opportunity to create a larger impact with their philanthropic dollars.

This is part two of a series of conversations with Kate Waters. Continue to visit https://advisor.morganstanley.com/covid-19 to read more of her insights.

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CRC # 3087606 (05/2020)