



STARTING ALONE

*Preplanning for University Employees
and Retirees and Their Spouses*

prepared by the University Woman's Club
The University of North Carolina at Chapel Hill



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Preface

This publication has been prepared by the University Woman's Club as a service to the entire University community—whether faculty, administration, or staff. Our hope is that it will be read in advance of need and that its readers will lay plans that will make it easier for survivors of University employees and retirees to carry on after a death.

The Woman's Club is indebted to a number of its members who contributed to the booklet. Kay Mouzon and Linda Murphy compiled the information on which it is based and prepared a manuscript much more detailed than this version. That draft is on file with the University Woman's Club and may be borrowed by anyone interested in seeing it. Their advisory committee included LaVerne Anderson, Norma Berryhill, Thelma Boyd, Frances Calhoon, and Alice Ingram. Margaret Taylor prepared the present text and saw it through the publication process. The book was typeset and designed by the Editorial/Graphics staff at the Institute of Government.

We also want to thank the following people who helped in various ways: Kitty M. McCollum in the EPA/Faculty Benefits Office; Mike Lewis and Lois Rhodes in the SPA Benefits Office; Alma Andrews, Deputy Clerk of Superior Court of Orange County; Virginia Forest, Deputy Register of Deeds of Orange County; and Linda Folda, Technical Services Librarian at the Chapel Hill Public Library.

Betsey Anderson, President

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This booklet is intended to help employees and retired employees of the University of North Carolina at Chapel Hill and their spouses understand the steps involved in securing the benefits they are entitled to when the employee dies and in settling his or her affairs. It is not a do-it-yourself guide to estate settlement—the survivor will need the advice of an attorney or a financial adviser—but knowing in general what is to come may ease the uncertainty and pain of a difficult time. In addition, while you will probably ask an attorney to handle the legal aspects of settling the estate, there is much that you can do to help move the job along quickly, smoothly, and economically. It will be useful to understand what the steps are.

Before we begin, however, here are some words of advice from people who have been through the experience of settling their spouse's estate. First, it is highly advisable to make a will. Without one, you have no control over what happens to your possessions after your death. The law distributes your property according to a formula that may or may not suit your intentions. You also have no control over who will be the guardian of your minor children. The court will decide that matter. Even if you have very little money or property, having a will makes it possible for you to provide for people you care about in the way you think best.

It is wise to have a will drawn up by an attorney. If your income is limited, you can obtain help from the legal aid office in your county. In Orange County the address is

North State Legal Services, Inc.
102 West King Street
Hillsborough, NC 27278
732-8137 / 942-7411

If your income makes you eligible, you will be charged accordingly.

The will should be kept in a safe but easily accessible place. The Clerk of Court's Office will store it without charge. Keep a copy readily available.

The second major point is that you should keep informed about what is in your package of University benefits. Do you have insurance? If so, who is the beneficiary? Is that person still the one you want to provide for, or have changes occurred in your life that affect your choice of beneficiary? If you are thinking about retirement, you will have to make a decision about how much retirement benefit you will receive when you retire and how much your spouse will receive after your death. The two of you should talk this matter over carefully to be sure that your choice is wise. The two University Benefits Offices—the Employee Benefits Division in Vance Hall (962-3894) for SPA employees and the EPA/Faculty Benefits Office in South Building (962-3071)—can tell you the current status of your benefits package. They also have information about all of the possible benefits available to you.

Anyone who has named his or her estate as the beneficiary should investigate the wisdom of doing that. For example, it is important to remember that certain benefits, such as hospitalization, are available to surviving spouses only if they are specifically named as the beneficiary.

And that leads to the third point. A wife (or husband) should know where her husband's will and insurance policies

are kept and what they basically provide. In addition, she should know where his (their) bank account(s) is, what property he (they) may have, and where the deed(s) is kept, what debts or investments he (they) may have, and other information about her husband's financial affairs.

Also, a wife (or husband) needs a savings account or other source of cash in her own name, because her husband's assets will be frozen when he dies. She will have available to her only half of the amount in a *joint* bank account or *jointly* held investments until certain steps of estate settlement have been taken. She may find herself with very limited funds for some time. A wife should also establish a credit rating in her own name—for example, by opening a charge account or obtaining a bank credit card like Visa or MasterCard.

In settling an estate, it is wise to keep in close touch with the attorney or financial adviser who is helping to handle the details. Estate settlement is not necessarily at the top of an attorney's priority list, as it is on yours. Periodic phone calls just to inquire about the status of whatever is on your mind are in order (though you may be charged for time spent on such calls).

Finally, in your first conference with your attorney or other adviser, discuss the matter of fees. Understand how he or she sets the fee, when it is payable, and—if possible—roughly how much it will be.

The person who is named to be responsible for settling the estate (either in the will or through appointment by the court if there is no will) is called the Personal Representative. This booklet will assume that this person is most often a wife, and it will be written as if she is handling the estate settlement, even though she is relying on her attorney.

No two cases are alike, but in general and briefly stated, estates are settled according to the steps that follow—though not always in the same order that they appear here. The pro-

cess of settlement can take a long time—perhaps a year or even longer.

When someone dies, a doctor signs a death certificate and a mortuary is called to begin the funeral arrangements, and then the Clerk of Superior Court in the county where the person lived must be notified of the death. Informing the Clerk of Court starts the process of estate settlement. It will be under his legal supervision. This booklet is written in terms of Orange County; the procedures described here may be slightly different in other counties, but the Clerk's Office in your county will help you understand them. The Orange County Clerk's address is

Clerk of Superior Court
Orange County Courthouse
106 East Margaret Lane
Hillsborough, NC 27278
732-8181 or 967-9251

Death Certificate. Several *certified* (with the State of North Carolina seal embossed) copies of the death certificate will be needed. They cost \$3 each. The funeral director can obtain them, or they may be obtained from the Register of Deeds' Office in the county *where the person died*. In Orange County, this address is

Register of Deeds' Office
208 South Cameron Street
Hillsborough, NC 27278
967-9251 or 732-8181

Lock-Box Inventory. When a bank, credit union, or other financial institution is notified that someone who had a safe deposit box there has died, it immediately seals the box. No one may enter the box until someone from the Clerk of Court's Office arrives to make an inventory of its contents. An appointment with the Clerk's Office for this purpose should

be made as quickly as possible. When the inventory is made, a representative of the bank, the Personal Representative, and a family member (if the Personal Representative is not a family member) must be present. The Personal Representative should be sure to take the key.

Only the will, if it is kept in the lock box, may be removed at this time. The Clerk's Office sends a copy of the inventory to the North Carolina Department of Revenue, gives one to the Personal Representative, another to the attorney (if any), and places one in the permanent estate file. Within about ten days the Revenue Department sends a release on the lock box, which may then be opened and its contents removed.

There will be a fee, payable later, for the lock-box inventory.

Presenting the Will. If there is a will, the original must be presented to the Clerk's Office for probate (probate is the legal process of establishing that the will is a true and valid document). Depending on when the will was written, it may be necessary to find the witnesses to it and ask them to appear at the closest Clerk of Court's Office and sign an affidavit that they witnessed this will. If the witnesses have died or are otherwise unavailable, there are special procedures that the Clerk's Office will explain. (To avoid having to locate witnesses eventually, ask your attorney to make certain that you have a "self-proving" will.) When all of the paperwork is complete, the Clerk signs a Certificate of Probate. The original will remains on file in the Clerk's Office as a permanent record.

The Clerk's Office gives the Personal Representative two certified copies of the will. Each copy thereafter costs \$1.00 for the first page and 25 cents for each additional page. Several copies may be needed.

If There Is No Will. A person who dies without a will is said to be "intestate." If there is no will, the Clerk of Court will name the Personal Representative—nearly always a spouse or adult child. The estate is distributed to certain heirs accord-

ing to a formula set out in the law, but otherwise the basic steps of settling all estates are the same.

If the person who died without a will has left personal property (that is, not real estate) valued at under \$10,000, there is a simplified way to settle the estate. The Clerk of Court's Office is the place to go to fill out the forms.

Becoming "Qualified" As the Personal Representative. If you are named in the will or named by the court to be responsible for settling the estate, you are entitled to become the Personal Representative. You may decline to serve in this role, but you must do so on a special form supplied by the Clerk. If you decline, as surviving spouse you may nominate someone else to fill this position. The Personal Representative is entitled to a commission for services rendered to the estate, though for the tax reasons a spouse usually waives the commission.

If you accept, you will need to take an oath and fill out an application form. After you have done this, you will be given "Letters Testamentary." This is a document that certifies you as the person legally authorized to handle the business of the estate. With it, you are "qualified" as the Personal Representative.

You may ask the Clerk to bring the application when the lock-box inventory is made. If there is no lock box, you may make an appointment with the Clerk's Office to obtain the form.

Completing the application will take some time. You will need specific information about the time and place of death, about who will share in the estate, and about the estimated value of the deceased person's assets.

Your task as Personal Representative will be to locate and make an inventory of all of the assets—cash, bank deposits, stocks and bonds, money owed the deceased, property, insurance payable to his estate. Then you will see that his creditors are paid from funds in the estate, and you will see that any state or federal taxes due are paid from funds in the estate. Finally,

you will distribute the deceased person's personal and real property and other assets to the people legally entitled to inherit them. (Many Personal Representatives rely on help from an attorney, whose fees are payable from the estate).

Sources of information on the person's financial affairs will include his checkbooks, bank statements, canceled checks, safe deposit box, bank passbooks, property tax bills, statements from brokerage firms, mail, old federal and state income tax returns and state intangibles tax returns, post office boxes, monthly statements from charge accounts and credit card companies, and life insurance policies.

There is a fee for becoming qualified as Personal Representative.

Canceling Credit and Services. All credit cards and charge cards in the name of the deceased person should be canceled. (The estate can claim a rebate on the membership fee, if there is one.) Arrangements should be made to have mail properly forwarded and services like newspaper deliveries canceled, if that is appropriate.

The Notice to Creditors. In settling the estate, a notice must appear in a local newspaper telling people to whom the deceased owed money to present their claims to you as Personal Representative by a particular date. The date, which appears in the notice, must be not earlier than six months from the first date of publication. The notice must appear once a week for four weeks within 20 days after you receive the Letters Testamentary. No claims submitted after the listed date may be paid without approval from the heirs. You should ask the newspaper for a copy of the notice on an affidavit of publication to place in the estate records.

The cost of the publication may be paid from the estate checking account when that is set up.

Notice to Those Who Share in the Estate. The Personal Representative should be sure that the Clerk has sent official notification to each person who shares in the estate.

Inheritance Tax Waivers. In order to withdraw funds from the deceased person's bank accounts and to transfer stocks and bonds, it is necessary to get clearance from the North Carolina Department of Revenue. To obtain this clearance, an Inheritance Tax Waiver must be sent to the Revenue Department for each of the deceased person's bank accounts, savings and loan accounts, credit union accounts, etc., and for each corporation in which he owned stock. The blank forms for this purpose may be obtained from the Clerk's Office or from the North Carolina Department of Revenue, P.O. Box 25000, Raleigh, NC 27640. Some brokerage firms take care of this procedure for their clients without charge.

The actual waiver from the Department of Revenue is returned within about 10 days. You may then take (or send) the waiver and a certified copy of the Letters Testamentary to each of the establishments where the funds are held. Sometimes a copy of the will is also needed; ask the institution what documents it requires. At this point you may move accounts and transfer securities as necessary.

Opening an Estate Checking Account. This is also the time to set up an estate checking account through which the expenses of settling the estate may be paid. Into the account should go funds from accounts held solely by the deceased person and half the funds held in an account with anyone else. In opening the estate account, you will need to present a certified copy of the Letters Testamentary.

If there is a large amount of cash, it may be worthwhile to transfer some of the funds to a savings account, a money market fund, or other investment where they can be reached easily.

In transferring funds from the deceased person's account

to an estate checking account, you will need the number of the deceased person's account(s), the balance on the day of death, the accrued interest to the day of death, and the accrued interest from the day of death to the day on which the account is closed.

When the estate checking account is set up, you can begin paying the claims of creditors, having checked carefully to see that they are accurate. It is wise to be cautious in making these payments to be sure that the estate has enough assets to cover the claims, because state law says that certain claims have priority over others.

Keeping Records. It is *essential that you keep complete records* of all transactions connected with the estate settlements. Keep canceled checks and receipts, including a statement of their purpose (be sure that your bank returns canceled checks—not all banks do). Make photocopies of every document sent anywhere. Anything sent by mail should be sent by registered or certified mail so that you have proof that it was sent. You should keep a log that records every action you have taken in the estate settlement and when.

Collecting University Benefits. For survivors of University employees, an early and very important step will be to get in touch with the appropriate University Benefits Office. The office that you will deal with depends on whether the person who died was an SPA employee (active or retired) or an EPA employee (active or retired). If you do not know which one he was—SPA or EPA—try to remember how often he was paid. SPA employees are paid every two weeks, and EPA employees are paid once a month.

Claims for SPA employees are handled by the University Personnel Department's Employee Relations Division, located at 108 Vance Hall. The telephone number is 919-962-3894. Claims for EPA employees are handled by the EPA/Faculty Benefits Office, located at 02 South Building (919-962-3071).

The offices follow the regular University calendar and are open from 8:00 to 5:00 on Monday through Friday. Parking is usually available in the Visitors' Lot between Memorial Hall and Gerard Hall on Cameron Avenue on the campus or in the Town of Chapel Hill's lots on Rosemary Street.

When a University employee or retiree dies, the appropriate Benefits Office should be notified and an appointment scheduled with it as soon as possible. The Benefits Office will need one or more certified copies of the death certificate and a certified copy of the Letters Testamentary.

The Benefits Office can obtain the employee's last paycheck and W-2 form and can help see that all payments due to the beneficiary are made promptly.

Life Insurance Claims. The Benefits Office can help you in making a claim on any insurance that the deceased person held through the University.

To claim payment on other insurance policies, you should locate the policies and contact either the insurance company or the local agent. A reputable company will help you fill out the necessary forms. It is wise to photocopy the policy for the estate file. Most insurance companies will require a certified copy of the death certificate and a copy of the Letters Testamentary.

If the deceased person died in an accident or other unusual circumstances, there may be double-indemnity benefits under the deceased's own insurance or insurance payments from the person who caused the accident.

You should ask the insurance company for the "Life Insurance Statement" (IRS Form 712), which must eventually (when state and federal inheritance tax returns are filed) be filed with the North Carolina Department of Revenue and the Internal Revenue Service. A statement must be filed for each insurance policy on the deceased person's life and each policy held by him on someone else's life.

Veterans' Administration. If the deceased person was a veteran, there may be benefits available from the Veterans Administration. You can inquire of the Veterans Administration at 317 West Jones Street, Raleigh, NC 27601 (919-733-7042).

Social Security. When someone who has been covered by Social Security dies, a lump-sum payment of usually \$255 is available to an eligible spouse or child. This payment does not come automatically—it must be claimed. The Social Security office that serves Orange County and several surrounding counties is located at 412 Liberty Street, Durham, NC. The mailing address is P.O. Box 2507, Durham, NC 27705. The toll-free number is 919-541-5441.

Monthly Social Security checks are available to certain eligible surviving dependents—generally, children under age 18 and spouses who are at least 62. Again, the Social Security Office must be notified in order to claim these benefits. Divorced spouses may also be eligible for benefits with no loss to the benefits of the current spouse.

Social Security checks made payable to the deceased person that are received after his death must be returned to the Social Security Office. The check should be photocopied and returned by registered mail. If the deceased person's Social Security checks were sent to his bank account by direct deposit, the bank should be told to return the checks and to keep a record of their return.

Real Estate. Information on any North Carolina property owned by the deceased person, such as whether there were taxes due or other liens on it can be obtained from the Tax Office or Register of Deeds' Office in the county where property is located. The Clerk of Court's Office can supply the forms to be used to get information on property in a county other than the one in which the person lived. Both the Tax Office and the

Register of Deeds' Office in Orange County are located at 208 Cameron Street in Hillsborough (967-9251; 732-8181).

Internal Revenue Office. The Internal Revenue Office in Memphis, Tennessee, should be notified of the death. If the deceased had been making an estimated income tax payment on a quarterly basis, those payments need not be paid by the estate.

Transferring Securities. When you have obtained the inheritance and tax waivers, you may begin transferring stocks and bonds. Before beginning to transfer securities, it is wise to ask the financial institution you are dealing with what documentation it requires. You will probably need a copy of the Letters Testamentary, a certified copy of the death certificate, and perhaps other materials.

Determining the Value of Securities. In order to complete the documents required by the Clerk of Court and to fill out the various state and federal tax returns, you will need considerable information about any stocks and bonds that the deceased person may have owned. It would be advisable to consult a competent tax accountant or the deceased person's broker about the wisest way to handle the securities while the estate is being settled.

Possible Sources of Additional Estate Income. Money that belonged to the deceased person may be tied up in a variety of ways. Was he owed money by anyone? Was he entitled to a state or federal income tax refund? Did he have an unused air line ticket or travelers' checks? Did he have a credit from a department store or in his Visa or MasterCard account? Other possibilities may occur to the Personal Representative or the deceased person's family and associates.

Transferring Title to Motor Vehicles. Information on transferring title to all kinds of motor vehicles can be obtained from the Division of Motor Vehicles in Raleigh. The office closest to the University is located at 201 West Main Street, Carrboro, NC 27510 (919-967-7059). It is open from 9 to 12:30 and 1:30 to 5:00 on Monday through Friday, and it handles all motor vehicles registered in North Carolina, no matter which county the owner lives in. To make the transfer, you will need the title to the car, a certified copy of the Letters Testamentary, the name of the insurance company and the policy number, the odometer reading, and the registration certificate. The fee for the transfer may be as much as \$25, and it must be paid in cash—no checks. You will receive a receipt for this fee payment, which should be filed as an expense of the estate.

The Ninety-Day Inventory. Within ninety days after she becomes qualified, the Personal Representative must give the Clerk an inventory of the assets in the deceased person's estate, with a complete description and valuation. Until the report is made, none of the assets may be distributed.

The inventory is to include both personal and real property. The personal property is to include all securities and accounts with banks, credit unions, and similar institutions that the deceased person owned entirely alone; half the balance of jointly held bank accounts and half the value of jointly owned stocks and bonds; tangible personal property like valuable jewelry or equipment; and life insurance proceeds payable to the estate. The real property should include any land or buildings wholly or partly owned by the deceased person.

The Personal Representative should be prepared to pay a sizable fee (based on the size of the estate) at this time.

Distribution of Personal Property. After the Ninety-Day Inventory has been filed and, after the final date on which creditors may file claims, bequests of personal property may

be distributed to the heirs. It is advisable to obtain a notarized receipt from each person who received personal property.

Valuable items should be appraised for tax purposes. It would be useful to follow a tax accountant's advice on this matter.

Inheritance and Estate Taxes. When all claims to the estate have been settled, the North Carolina Inheritance and Estate Tax return must be filed. If the estate is valued at less than \$75,000 and the beneficiaries are directly related (spouse, parent, child, or grandchild), the Clerk of Court simply files the return. Otherwise, the return must be filed with the North Carolina Department of Revenue, Inheritance and Gift Tax Division, P.O. Box 25000, Raleigh, NC 27640. Information and help can be obtained there or from the Revenue Department's branch office at 235 Wellons Village in Durham.

Unless the estate is worth more than \$400,000, no federal inheritance tax is due on it (in 1985). It would be wise to consult a tax accountant if the estate is large enough to be subject to the federal tax.

It is *possible* that other tax returns will have to be filed on the estate—the state and federal final income taxes, the North Carolina intangibles tax, and the fiduciary income tax return. Again, a tax adviser will be helpful.

Closing the Estate. When the Inheritance and Estate Tax Certificate from the North Carolina Department of Revenue has arrived—and, if applicable, the closing letter from the IRS saying that all federal taxes are paid—the final payments and distributions may be made from the estate, including attorney's fees and any remaining expenses of closing the estate. Notarized receipts should be obtained from each person who receives money or personal property from the estate.

It would be useful to submit a preliminary report of the final accounting to the Clerk's Office before the final distribution is made. Having advance approval from that office may save some time-consuming and frustrating errors.

The Final Account. The Final Account is a record that shows what has happened in the settlement of the estate. It shows the total of the assets that came into the Personal Representative's hands, the investments made, the gains or losses from sales of property or securities, all receipts and disbursements, all expenses of administering of the estate, all taxes paid, and all final distributions to the heirs. It must be presented to the Clerk within one year after the Personal Representative becomes qualified, unless the Clerk grants an extension of time.

All of the documents connected with the estate settlement—receipts, canceled checks, certificates, etc.—must be presented to the Clerk. The Clerk's Office audits the account carefully, so it is important to keep all of these materials and present them at the final audit.

When the records have been accepted, reviewed, and approved, the Personal Representative is legally discharged. The job is done.

Available Guidebooks

For a free booklet titled *Planning for Life and Death*, write to the American Bar Association, Order Fulfillment 543, 750 North Lakeshore Drive, Chicago, Illinois, 60611.

Available at nominal prices: AIM Guidebooks: *Legal Readiness* and *Estate Planning*, P.O. Box 19269-A, Washington, DC 20036.

Available at bookstores:

Mary L. Sprouse, *Taxable You: Every Woman's Guide to Taxes* (Viking Press, 1984).

Theodore E. Hughes and David Klein, *A Family Guide to Estate Planning, Funeral Arrangements, and Settling An Estate After Death* (Scribner, 1983).

Offices of Clerks of Superior Court

Alamance: Courthouse, Graham, NC 27253 (228-6491)

Wake: Courthouse, Raleigh, NC 27602 (733-2780)

Durham: Courthouse, Judicial Building, Durham, NC 27701 (683-6833)

Orange: Courthouse, 106 E. Margaret Lane, Hillsborough, NC 27278 (732-8181, 967-9251)

Person: Courthouse, Roxboro, NC 27573 (599-0288)

Chatham: Courthouse, Pittsboro, NC 27312 (542-3240)

Caswell: Courthouse, Drawer 790, Yanceyville, NC 27379 (694-4171)

Lee: Courthouse, 1408 S. Horner Blvd., Sanford, NC 27330 (775-5606)

Granville: Courthouse, Oxford, NC 27565 (693-2649)

Franklin: Courthouse, 102 S. Main St., Louisburg, NC 27549 (496-5104)

Johnston: Courthouse, Smithfield, NC 27577 (934-3191)

Nash: Courthouse, Nashville, NC 27856 (459-4081)

Vance: Courthouse, Henderson, NC 27536 (492-0031)

Harnett: Courthouse, Box 847, Lillington, NC 27546 (893-5164)

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