

How to create your family financial album

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School's back in session across America this month or early next month. Even if you don't have school- or university-aged children, this clock ticks loudly in each of us after a decade or two in school ourselves. And back-to-school supplies and promotions are everywhere we look: the grocery store, the office supply store, and on TV and website ads.

Rather than resist it, embrace it — for grown-up purposes. In fact, you can use one simple school supply to get your financial house in order: a three-ring binder. Getting the basics right can be the most powerful step you can take in pursuit of a dignified, well-funded retirement. Choose to spend a few hours to locate, organize, and communicate about your most important financial documents. Time allocated this way today can save hours of frustration, unintended consequences, and lost assets later.

For the price of a new three-ring, one-inch binder notebook — less than \$3, assuming you can't repurpose one you have lying around — you can save thousands, if not hundreds of thousands, of dollars. Add in a three-hole punch for a nominal cost. Finally, purchase or pillage a set of 8-tabbed page dividers if you are feeling crafty.

Everything I needed to know, I learned in kindergarten.

You can make your notebook cover as decorated or plain as you want, but it's important to include at least a label on the binder that states what this collection is, so you or your loved ones can locate it in a hurry. Remember, this isn't your filing cabinet. It isn't a fireproof safe (though that's a good idea, too). Rather, it's the edited highlights of the financial journey you're on.

The Table of Contents introduces the contents, which include:

- Section 1: Regular review and statements
- Section 2: Document and Asset Location
- Section 3: Estate Planning Summary
- Section 4: Insurance Log
- Section 5: Other Investments
- Section 6: Survivor Instructions
- Section 7: Taxes
- Section 8: Resources/Passwords and Logins

These labels can be handwritten or typed on your tabbed dividers; each section may represent a work session for you. Breaking the task into manageable chunks is another way to accomplish it.

Section 1: regular review and statements

So what should you gather for Section 1? Simply, a set of statements for your accounts, as well as your most recent regular review from meeting with your financial adviser, if you have one. They don't have to be the most recent statements; rather, they should reflect the current title of every account you have, and the current account number. The title, institution, and account number may not have changed for a very long time. Fine, put in an old statement. Just make sure there is

one for each account you have. The goal is to be comprehensive, not timely, and to create that trail of breadcrumbs to follow, should you or your loved ones need to track down your assets. By definition, this is “better than nothing,” and would be used in a time of need or crisis. A basic trail is a good one when you or your family needs it.

Section 2: document and asset location

Add a checklist titled “Information for Heirs & Executor,” and these:

- Copies of each family member’s birth certificate,
- a copy of your marriage certificate(s),
- divorce decrees, if applicable,
- copies of passports if you have passports, and
- copies of deeds to properties you own.

One note here: the definition of “family” in 2015 is much broader than in prior decades. According to Olivia Mellan of ThinkAdvisor, today we have seven different types of modern families (“The Changing American Family,” Retirement Advisor, Aug. 2015, p. 12). Families today might look like any of these, with only 20% matching the traditional mom-dad-child(ren) model:

- Traditional
- Multigenerational (perhaps an aging parent has moved into the above family)
- Single parent (to one or more children)
- Same-sex couples
- Blended heterosexual families (who may or may not have children together)
- Older parent families (a couple and one of their elderly parents)
- Boomerang families (adult children back at home)

Pick the definition that matches your family, when making copies of the five documents listed in Section 2.

Section 3: estate planning summary

This section may include the actual estate planning documents, or simply instructions on how/where to locate:

- Your last will and testament or revocable living trust
- Secondary documents
- Durable power of attorney
- Health care power of attorney
- Advance Medical directive
- HIPAA Authority and release
- Personal property memorandum
- Other trust documents

While you may choose to include only instructions to finding these papers, rather than the papers themselves, you may want to treat one document differently than the others in this section. That special document is your advance directive, which could be needed multiple times, and always in advance of your will. Why? Paula Span puts it best in her column, *The New Old Age*, [Where’s That Advance Care Directive?](#), in the *New York Times*, Oct. 17, 2013.

“Most of the time, patients who have advance directives — somewhere — and don’t bring them to the hospital, have simply left them at home. But lawyers’ offices and safe-deposit boxes are also popular locations. All of which are useless if a person can’t direct his own care, or if family members are at odds, or they are rummaging through drawers and files looking for the paperwork while the ER staff stands by.

[...] at minimum, supply copies to their primary care physicians and to the individuals named as their health care decision makers, as well as keep copies close at hand themselves.

Span says it's sensible to broaden the distribution and give them to other doctors, such as your specialists.

Section 4: insurance log

This includes a checklist of each of the companies, policy numbers, insured's name, face value or coverage amount, premium (if you want), etc., for your life insurance policies (owned or employer-dependent). A simple tally of how you planned for this insurance amount is also helpful. Next, add a summary of these insurances:

- health insurance,
- disability income insurance,
- property/casualty insurance,
- long-term care insurance, and
- Medicare supplement policies

While this might seem daunting, remember: you are trying to move through this in a way that would inform and help someone who is not you, when you are not there. Make broad brush strokes. Stick to policy numbers and company names. Handwrite it if you need to. These are the edited highlights, not the policies themselves.

Section 5: other investments

This section is a catchall and includes individual retirement accounts (Roth, rollover, traditional), employer-sponsored plans (401(k), 403b, 401a, 457, pension, etc.), so include both investment statements and employee benefit statements. As with the first section, you are trying to capture the title or name on the account, the institution that custodies the assets (whose branding and address is on the statements), and the account number. The statement does not have to be current in terms of allocation or account balance, only in these other details.

Section 6: survivor instructions

Contacting your immediate family, then your friends and professional advisers, would be good first steps. What are their contact details? At least include the business card for your financial adviser, accountant, attorney, and business associates. Likewise with your life insurance agent. The survivors should order about 10 copies of the death certificate, and should contact both Social Security Administration and (if applicable) Medicare. These instructions, and others you might have, will greatly help the people who are using this book.

Consider printing your annual holiday card address labels and sticking a copy in here; each of those people would like to know if something happened to you, wouldn't they, after years of smiling snapshots and cheerful holiday letters? Also in this section: a record of your wishes for organ donations. This could be a photocopy of your authorization, and any additional details about which organs, the recipient organization, and your local physician's name and phone number. Why duplicate this when it's on your driver's license, you ask? That small plastic rectangle could be lost, damaged or illegible at the time it's needed — in the case of a severe road accident, for example.

Now take a deep breath and sketch out a simple obituary report. You know the answers to at least half of the data that would be needed: place and date of birth, schools attended, your profession, your current (possibly last) employer, your memberships in church or other organizations, and your military affiliation if any. You also know who you're likely to be survived by, and which of your family members have predeceased you, up to now.

You may also have opinions and preferences about your funeral arrangements. What are those? Note things like whether or not you have a prepaid services, as well as music, flowers, cemetery, pallbearer, and memorials that you would prefer. Someone has to make these decisions; why delegate to a survivor when you can do this for them?

Section 7: taxes

Include up to the last three years of your tax returns.

Section 8: Resources/passwords and logins

Consider using an address book made just for these types of details, called “password keepers” or “password logs,” widely available on Amazon. This section is the most malleable, and could also include protecting other digital assets (from the complex, like patents on intellectual property, to the simple, like a Bitcoin account).

Once you’ve pushed through each stage or section of this library-type project, you’ll have a document binder that will truly serve and protect yourself and your loved ones.

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