

## Critical Details For Proper Planning

Before you pack away those important documents and statements, tax season can be a convenient time to ensure your accounts are in good order, by reviewing a few commonly overlooked details. Ensuring account ownership is correct, that your beneficiaries are up-to-date, and that your banking information is accurate are important elements that are critical to the success of your financial plan. By understanding how these details impact your account, you can avoid future delays, expenses, and stress for you and your loved ones.

Different assets follow different registration or titling rules and the way your account is owned and registered is essential. It tells everyone who can make decisions on the account, how and when the account will be taxed, and potentially, who will receive your assets after your passing. Often, clients will have originally opened an account in their name only, but many life changes can impact how you want your accounts registered, such as marriage, divorce, or estate planning.

For brokerage accounts we recommend adding Transfer on Death, (TOD) or Payable on Death, (POD) instructions for bank accounts. A TOD is a designation that allows a transfer of ownership directly to a beneficiary for your after-tax account, which allows these assets to avoid probate. TOD/ POD instructions also maintains the ownership and decision making of this account in your name alone during your lifetime. Some clients find this designation beneficial if they want to set aside funds for a specific family member but are not yet ready to make the gift.

Alternatively, after a life event, such as a marriage, you may want your spouse to help make decisions and receive the funds should something happen to you. Updating the registration of the account to joint ownership with rights of survivorship may be beneficial in this case. When an account is registered as joint tenants with rights of survivorship, each person may make decisions independently, and if one should pass away, the assets easily transfer ownership to the surviving account holder.

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Another common ownership issue that is overlooked is registering your assets in the name of your trust. Too often, clients will spend thousands of dollars working with an attorney to create a trust, but if your assets have not been registered in the name of the trust, those assets are not protected. The process is simple, and the best way to start is by securely providing your financial institution with a copy a summary document called a “Certification of Trust.”

Once you make sure your accounts are owned in a way that matches your objectives it is time to review your beneficiaries. It is vital that the people you wish to receive your assets at your passing are listed as beneficiaries, especially, because beneficiaries cannot be changed after your death. Additionally, as mentioned in our [Your Will is Not Enough](#) article, your will or trust cannot overrule the beneficiary designation section of your life insurance policy, annuity, or retirement account.

It is critical to update beneficiaries after life events, such as marriages, divorces, births, or deaths; however, you may also want to discuss your beneficiary choices with your attorney when you establish a trust. Naming your trust as a beneficiary may or may not be appropriate for your situation and understanding this option fully is important, as it may limit the options available to your beneficiaries when it is time to distribute your accounts.

Whether you are a beneficiary of an account or are naming beneficiaries, it may be helpful to review our, [What to Expect as a Beneficiary](#) article. This article outlines items a Beneficiary will need to provide, as well as common ways to establish beneficiaries.

When your account is owned properly and has named your desired beneficiaries it is time to review your banking information. Linking your bank account to your investment accounts has become more common in the last several years and many individuals feel more secure knowing funds are transferred electronically rather than receiving a check in the mail. Additionally, many custodians are moving away from issuing paper checks, in part due to the growing popularity of the “Go Green” initiatives in recent years to save paper. If you have your bank account and investment accounts linked to move money

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back and forth, ensuring the banking information is correct saves time and possible bank fees due to rejected requests.

Paying attention to registration, beneficiary designations, and banking information are imperative to proper planning. A CFP Professional should review these key areas regularly. At Wagner Planning we are also happy to work with your attorney and other outside professionals to ensure your accounts are set up as you see fit, because we understand the importance of these details.

This article was written by Rebecca Magby. Rebecca has been working in the Financial Services Industry since 2005, and with Sandra Wagner since 2009. She is the Chief Operating Officer of Wagner Planning.

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