# After the Loss of Your Spouse

*A Michigan Guide to the Decisions That Have Deadlines*

First, please hear this: you do not have to do all of this now, and you do not have to do any of it alone. Most of what follows can wait a few weeks. But a handful of these items have clocks attached to them — real deadlines that quietly expire while everyone is still grieving. That is the reason for this list. It is not a to-do list handed to you on your worst week. It is a map, so that nothing important happens by accident.

> *The most expensive mistakes after a death are almost never mistakes anyone made. They are decisions that were never revisited — deadlines that passed by default while the family was doing exactly what a grieving family does.*

## The First Two Weeks

*Nothing here is legal work. It is the paperwork that makes everything else possible.*

- ❑ **Order certified death certificates.** Ask the funeral home for 10 to 12. Banks, insurers, the county, and the Social Security office each want an original, and getting more later is a nuisance. They cost a few dollars each and you will be glad you have extras.
- ❑ **Notify Social Security.** The funeral home often reports the death, but confirm it yourself. Call 1-800-772-1213.
- ❑ **Claim the small one-time payment.** Social Security pays a modest lump sum to a surviving spouse. It is small, but it is yours, and it is not automatic — you generally have to apply within two years.
- ❑ **Do not move money yet.** Resist the urge to close accounts or consolidate. Some accounts are worth more to you left exactly where they are until we have looked at them. This is one of the few places where doing nothing is the smart move.
- ❑ **Keep paying the bills that keep the house running.** Mortgage, property taxes, insurance, and utilities. Everything else can wait a beat.
- ❑ **Find the estate planning binder.** The trust, the wills, the deeds, the beneficiary forms. Bring the whole thing to our first meeting — even the parts you think are outdated. Especially those.
- ❑ **Locate the last few years of tax returns.** They tell us more about your financial picture than almost anything else.



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## The Two Deadlines That Cost Real Money

*If you remember only one page of this guide, make it this one.*

### 1. The Two-Year Window on the Family Home

While you and your spouse were both living, you could sell your home and shelter up to $500,000 of gain from capital gains tax. After a death, that larger amount stays available to you — but generally only if the sale closes within two years of your spouse's death. After that, you are usually limited to $250,000.

For a couple who bought a Michigan home decades ago, that difference can be very real. A sale that would have been completely tax-free while both spouses were alive can generate an actual tax bill three years later, even if the house never gained another dollar of value.

> *You do not have to sell. Please do not let anyone rush you out of your home. But you should know the clock exists, so that if you do decide to move, you are choosing the timing — the timing is not choosing you.*

- ❑ **Mark the two-year date on a calendar.** Two years from the date of death. Write it down somewhere you will actually see it.
- ❑ **Get a date-of-death value for the house.** A written appraisal or a broker's opinion of value, dated as close to the death as possible. This single piece of paper can be worth tens of thousands of dollars in tax savings later, and it becomes much harder to obtain the longer you wait.
- ❑ **Ask your CPA about the Michigan half step-up in value.** When your spouse died, his or her half of the home should be revalued to its worth on that date. This matters for reporting taxes on the sale. Your half generally keeps its original, much older value. That is different from what your friends in community property states like California or Texas will tell you — and it is why the number above matters so much.

  — How the property was titled, and whether it was held in a trust, can change this answer.

### 2. The Tax Year That Changes Underneath You

For the year of the death, you can usually still file a joint return. After that, unless you have a dependent child who qualifies you for another status, you file as a single person — on roughly the same income.

The single-filer brackets are set at about half the married thresholds. Your income did not fall by half. The brackets did. That gap is where the money goes.

- ❑ **Talk to your accountant before December.** Not in April. The moves that help — timing retirement withdrawals, Roth conversions, charitable gifts — have to happen before the year ends.
- ❑ **Ask specifically about the two-year Medicare surcharge lag.** Medicare looks at your income from two years ago. The surcharge thresholds for a single person also sit at about half the married levels, so a surviving spouse can get hit with a higher Medicare premium in a year when her household income has actually gone down. If your income dropped because of the death, you can file Form SSA-44 to ask Social Security to use your current income instead. Many people never learn this form exists.

## Your Income Is About to Change — Here Is How

You will keep the larger of the two Social Security benefits. Your own check may go up. The household still loses one payment entirely. Both things are true, and the second one is what people are unprepared for.

- ❑ **Ask Social Security to run the survivor benefit options.** Depending on your age and work history, there may be a choice about which benefit to take now and which to switch to later. Ask them to walk you through both paths.
- ❑ **Review pensions and annuities.** Find out whether a survivor option was elected, and at what percentage. This is a common surprise.
- ❑ **Check whether any income stops entirely.** Some pensions and annuities end at death with nothing continuing. Better to know now than to discover it in March.
- ❑ **Write down what actually comes in each month now.** One page. Real numbers. Compare it to what goes out. That single page will drive the decisions you make moving forward.
- ❑ **Confirm your health insurance.** If you were covered through your spouse's employer or retiree plan, find out what happens to your coverage and when.

## The House Itself

A home sized for two costs the same to heat, insure, and repair when one person lives in it. In recent years those costs have climbed sharply — property taxes and insurance premiums in particular. Meanwhile the equity sits in the walls, doing nothing, while savings drain to keep the lights on.

- ❑ **Add up the true annual cost of staying.** Taxes, insurance, utilities, lawn and snow, and an honest allowance for repairs. Divide by twelve. Compare it to that one page of monthly income.
- ❑ **Contact your insurers — and check the rate.** Some carriers have historically charged a single person more than a married couple for the identical home and car. Ask directly whether your rate changed for any reason other than your coverage, and shop the policy if it did.
- ❑ **Update the homeowner's policy to your name alone.** Coverage disputes after a claim are miserable.
- ❑ **Ask the assessor about your Principal Residence Exemption.** It should carry over, but confirm it. Ask at the same time about any Michigan property tax relief available to you based on age or income.
- ❑ **If there is a mortgage, call the servicer.** Federal law protects a surviving spouse's ability to take over a mortgage without triggering a due-on-sale clause. Ask to be added as the obligor.
- ❑ **Do not make a permanent decision in the first year if you can help it.** Selling the house, moving in with a child, buying a condo near the grandchildren — these are good decisions or bad ones depending on facts you cannot see clearly yet.

## The Beneficiary Forms Nobody Rereads

Beneficiary designation overrides your trust and your will. It does not matter what the estate plan says if the form at the bank says something else.

- ❑ **Pull every beneficiary form you have.** Life insurance, IRAs, 401(k)s, annuities, pensions, and any account with a payable-on-death or transfer-on-death designation.
- ❑ **Look for your late spouse's name as the beneficiary.** It is almost certainly there, on several of them. Every one needs to be updated.
- ❑ **Name a contingent beneficiary on each.** The backup. This is the line people skip, and it is the line that sends an account through probate.
- ❑ **Pause before rolling over an inherited IRA.** There is more than one way to handle it, and they have very different tax consequences depending on your age. Ask before you sign anything the bank hands you.
- ❑ **Check the deed to your home.** How the house is titled now determines whether it passes smoothly or lands in probate.

## Rebuilding Your Own Plan

Your estate plan was built for two people. Half of the people it was built for are gone, and half of the people it named to help you — your spouse was almost certainly your first-choice trustee, agent, and advocate — are gone with them.

- ❑ **Replace your decision-makers.** New successor trustee. New financial power of attorney. New patient advocate for medical decisions. New personal representative under your will.
- ❑ **Name backups for each.** Two deep if you can. The second name matters more than people think.
- ❑ **Determine whether you need to update your trust.** Have an estate plan review and decide whether anything needs to changed or updated.
- ❑ **Refresh the HIPAA authorizations.** Without one, the people helping you cannot get a straight answer from a doctor's office.
- ❑ **Sign a funeral representative designation.** Michigan lets you name who has authority over your arrangements. Having just lived through this, you know why it matters.
- ❑ **Write down where everything is.** Accounts, passwords, insurance policies, safe deposit box, the name of your attorney and accountant. One page in one place. It is a gift to whoever comes next.

## The Expense That Outruns Everything Else

Long-term care is, by a wide margin, the largest threat to what you have built. Assisted living and memory care commonly run thousands of dollars a month, paid privately, and it can run for years.

It is also the reason so many families discover that the home has to be sold at the wrong moment, in the wrong market, for the wrong tax result — because it was the only money left that could be reached.

- ❑ **Find out whether long-term care insurance exists.** Check both your policies and your late spouse's. People buy these and forget them.
- ❑ **Ask about Michigan Medicaid rules while you still have choices.** Planning done early has options. Planning done in a hospital hallway has options, but sometimes they are limited. The rules reward advance work and punish delay.
- ❑ **If your spouse was a veteran, ask about VA benefits.** A surviving spouse may qualify for Aid and Attendance, which helps pay for care. It is widely under-claimed.
- ❑ **Have the conversation about where you would want to be cared for.** While it is a preference and not a crisis.

## A Short Word About Timing

Almost everything in this guide falls into one of two categories: things with a deadline, and things without one. The deadlines are on page two. Everything else can move at the speed you can manage.

Families rarely lose money after a death because someone made a bad decision. They lose it because grief and exhaustion and a hundred phone calls pushed a decision past a date nobody knew was there. That is an entirely preventable kind of loss, and preventing it is most of what we do.

> *Bring us the binder, the deed, the last tax return, and whatever list of questions you have written on the back of an envelope. We will sort out what is urgent, what is merely important, and what you can put down for now.*

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