

Put pen to paper: How a letter of instruction can benefit family harmony

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You may view your will as the centerpiece of your estate plan. But other documents can complement it. For example, if you haven't already done so, consider writing a letter of instruction.

Elements of the letter

A letter of instruction is an informal document providing your loved ones with vital information about personal and financial matters to be addressed after your death. However, the letter, unlike a valid will, isn't legally binding. But its informal nature allows you to easily revise it whenever you see fit.

What should be included in the letter? It will vary, depending on your personal circumstances, but here are some common elements:

Documents and financial assets. Start by stating the location of your will. Then list the location of other important documents, such as powers of attorney, trusts, and advance health care directives. In addition, provide information on birth certificates, Social Security benefits, marriage licenses and, if any, divorce documents.

Next, create an inventory of all your assets, their location, account numbers and relevant contact information. This may include, but isn't necessarily limited to, items such as bank accounts; investment accounts; retirement plans and IRAs; health insurance plans; business insurance; life and disability income insurance; and records of Social Security and veterans' benefits.

And don't forget about liabilities as well. Provide information on mortgages, debts and other obligations your family should be aware of.

Funeral and burial arrangements. A letter of instruction typically includes details regarding your funeral and burial arrangements. If you prefer to be cremated rather than buried, make that clear. Further details can include whom you'd like to preside over the service, the setting and even music selections.

List the people you want to be notified when you pass away and include their contact information. Finally, write down your wishes for specific charities where loved ones and others can make donations in your memory.

Digital information. As many of your accounts likely have been transitioned to digital formats, including bank accounts, securities and retirement plans, it's important that you recognize this change in your letter of instruction or update a previously written letter.

Personal items. It's not unusual for family members to quarrel over personal effects that you don't specifically designate in your will. Your letter can spell out who will receive items that may have little or no monetary value, but plenty of sentimental value.

Final thoughts

A letter of instruction can offer peace of mind to your family members during a time of emotional turmoil. It can be difficult to think about writing such a letter — no one likes to contemplate his or her own death. But once you get started, you may find that most of the letter “writes itself.”

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