



“An ‘Open If’ Letter To Your Family”

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For us succession planning does not end with creating a will or trust etc.

In my drawer there is an envelope with hand-written words “Siddhu & Megha, open if...”

If you truly want the loved ones to transition through the emotional battering in a smooth manner, an “open if...” letter in your absence can work like a best friend in deed.

It should contain practical information about how to cope up, especially in the immediate future.

Given below are some of the points you may keep in mind while drafting the same.

Introduction

Consider starting with an apology for your passing, and then describe the purpose of this letter; i.e. helping your family with some of the immediate practical problems they will soon be facing.

Every family is unique but here are some ideas to include:

- Near term income – tell your spouse/dependent that would be looking after the finances how to collect any income, especially which are due. Sources of funds where they need to dip in to for initial 3 months expenses and for periods after 3 months. Try to be specific here. You can also mention the role of your financial advisor here.
- Life insurance – describe your policy; where it is and whom to contact to file a claim. Let your family know it is tax-free and you will tell them later in the letter what should be done with it.
- Identify an advocate – if you don’t have one already. This trusted person can handle immediate problems, negotiate the sale of business/property (if required) and initiate interaction with your family’s current/future financial advisor.
- Records – spell out where to find financial records and other key family matters such as the will or trust documents, and how to contact the family lawyer, accountant etc.
- Private Business – if you own or co-own a private business, tell your family how to run it or sell it. Give an idea of its value (or who would know) and what steps you would suggest if they choose to sell it.
- Balance Sheet – update your personal balance sheet every year or more often if you have large fluctuations. Let your family know where you keep a copy. If you hold illiquid investments, list your contact people and their phone numbers. List your life

insurance benefit on your balance sheet as a footnote so your spouse can see on page 1 how much there will be to work with.

- Rearrange your balance sheet – if you feel confident with this, describe in general terms what should be done with your assets (including insurance proceeds) and liabilities. Identify one general financial advisor to help your family with the big picture. Identify sub-advisors for special projects; i.e. “call our realtor friend Mr. Gupta to sell our vacant plot/apartment” etc. if you want you can also give your family and designated advisor some personal experience guidelines like, “keep at least 50% liquid, AA, or highest quality bonds” etc.
- Mortgages – ideally your finances can be arranged to retire all of your debt. But be careful. Your family may never again be able to get a large mortgage (without your income). Consider this when advising your spouse on either paying it down or paying it off.
- Unfinished business – tell your family how to settle any outstanding debts, money that’s owed to you, problem investments or sticky personal issues that might confront the family.
- Lifestyle – knowing what your family will have in the way of assets and approximate income, give supportive suggestions on your thoughts about keeping the house, etc. if you don’t know, just let the advisors figure this out once they have rearranged the assets and established a budget.

Close your letter with a personal note to your spouse and family. This type of letter will give your spouse and family a sensible heads-up and head start in getting accustomed to your permanent absence. It only takes an hour to compose and it should be updated every couple of years.

Besides being a foresighted and loving document, it also compels you to make sure your insurance and investments will provide adequate protection to your family.

Regards,
Arun Mandal

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