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MENTOR
C A P I T A L

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Mentor Monthly Missive

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- Letter of Instruction

A will, a trust.... and a letter

Mentor Capital is engaged in a concerted effort to get clients to update (or make) their estate plans. As usual, we uncover issues that often aren't covered in a traditional will or trust document.

That's where a letter of instruction comes in. It's put into place to manage the odds and ends that you want your survivors to know about in the event of your death. Especially when there are minor children, a letter of instruction can help explain your wishes to the guardian and trustee, should the need ever arise.

Following are suggestions. What you include in your letter of instruction is up to you. One suggestion we have for clients of Mentor Capital is that they request that their survivors contact us. We have most of the information necessary to assist survivors. Part of our service is to help with your estate plan to make sure your wishes are carried out.

(Thanks to our colleague Rick Epple, of Epple Financial Advisors in Minneapolis, who created the following list for his clients.)

A letter of instruction may include:

- A list of legal documents and their location
 - Safe deposit box location, key, and who is allowed to access
 - If foreign citizen/dual citizenship – documents
 - For veterans – military discharge papers
- Burial Wishes
 - Organ donation
 - Funeral and burial
 - Any pre-purchased burial plot or services?
 - Type of funeral?
 - Burial, cremation or body donation?
 - Obituary – Prepare your own?
- Net Worth Document
 - Location of all investment account statements (IRA's and taxable accounts)
 - Location of all deeds to property (land, home, autos, vacation property, etc)
 - Location of all employer provided plans (401k's, pensions, etc.)
 - List of all other assets
 - List of all debts including credit cards, auto loans, personal lines of credit, and home/vacation home properties
- Instructions for guardian/trustee for care of minor children
 - Guardian
 - » Hopes for your child(ren) in general
 - » Hopes for K-12 education, public or private
 - » Visitation with surviving family – holidays and summers
 - » College education – How much to provide from any trusts vs. child's responsibility; public or private college.
 - » Residence – What happens if guardian moves outside the country?

- » Religion – How would you like your child(ren) raised? How many times should they attend services, etc.?
- » Working – Do you want your children to work? At what age?
- » What is your hope regarding extracurricular pursuits such as music, sports, scouts, another language, or any other areas. How might you like your child(ren) steered?
- Trustee
 - » How would you like the proceeds from your estate be used? Prioritize wants.
 - » Do you want to have a financial planner provide assistance to the guardian’s family and to help manage assets?
- List of all insurance policies
 - Policies including life, medical, disability, long-term care, and property insurance
- List of advisors
 - List of the family doctor, attorney, accountant, financial planner, and the place of worship and religious leader
- Special instructions
 - Typically, any specific bequests should be made through the will of any personal items. However, the letter of instruction might provide arrangement for distribution of certain smaller personal items.
 - Names and phone numbers of close family members to contact
 - Suggestions for care of any pets
 - The letter can be a way to convey special personal messages
- Closely held business
 - Your goals for the business
 - Contact information for any key employees/other owners
 - Copy of any buy/sell agreement
 - Business accounts and advisors
 - List of assets including key clients
 - A letter by you to be sent in case of death/disability
 - Amount of information is going to depend on the complexity of the business
- Other Documents
 - Location of copies of tax returns
 - Phone list/address book – Document used to keep track of your contacts. Allow family members to call and let know of plans.
 - Family history/family tree – What information you want to make sure stays in the family.

Housekeeping items regarding a letter of instruction:

- The letter of instruction is not a legal document. It does not need to be notarized.
- The letter should be signed when of “sound mind”.
- Update letter every year or two to ensure it is current with your wishes.
- Suggest giving copies to your potential guardians or trustees. => Ideally having them review the letter with you to answer any questions they may have.
- Suggest giving a copy to your attorney and financial planner.
- Make sure letter can be found if needed.
- A letter can be video-taped instead of written.

Here is a sample salutation for a letter of instruction. You can use the preceding list of items to create your own document:

To: Persons designated as guardians for our children and trustee for our trust OR Children OR Personal Representative of the Estate

From: John & Jane Doe

Date: September 1, 2011

Subject: Letter of Instruction (clarification of expectations in the case we die and our children survive us as minors)

Disclaimer: This document should be used to clarify our wishes and not contradict what is included in our wills or trust documents.

Bottom Line:

A letter can be instrumental in helping make sure your estate is managed as you intend. It can save your trustees, guardians and heirs grief by better explaining your wishes. This not only can help make sure your wishes are carried out, but could reduce the costs of administering your estate. Call us for assistance in creating this important document.



About Mentor Capital

Mentor Capital Management Inc. was founded in response to the belief that a consumer's best interests are served when his or her financial planner is Fee Only. Advisors of Mentor Capital strive to provide objective, prudent and thoughtful advice to clients based on their personal goals and objectives.

Meet our Certified Financial Planners



John S. Davis is Mentor's founder, president and chief investment officer. He has been helping individuals accumulate and manage wealth since 1991. He is a former journalist.



Daniel B. Carey is vice president of Mentor Capital and a member of its board of directors. He joined Mentor in August 2007. For seven years prior to joining Mentor's team, he worked at Clune & Associates, a financial advisory firm in Chicago.

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