

Encourage Clients to Compile Their “Legal Vault”

Ten tips to help clients get their key documents in order.

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During lockdown and the slow reopening, here’s another home project that will benefit your clients (and help you help them better). Your client will also be making it easier for his family and loved ones, and those they rely on as fiduciaries, for decades to come. Not only is this simple, but also it will likely save thousands of dollars in fees and hundreds of hours of frustration!

Most people don’t have an organized collection of all their key legal documents listed below. Often, even advisors are missing key documents, so that this process will help you as well. Guide and encourage clients not to “sweat it,” but to just get the process going.

Ten Steps

Here are steps to recommend to your clients:

1. Copy the list of documents below. While you could delete items that may not be not relevant, it would be better to write “None” or “Not applicable” after those. That will clarify for anyone trying to help you that the documents don’t exist. Then, tailor any item listed to your situation. For example, if you have several trusts, list the name of each on your legal document master list. If you have three individual retirement accounts and hence three beneficiary designations, indicate the three accounts under “Beneficiary Designations.”
2. Locate the hard copy (original) of the documents, place a check mark on the item on your list and search your computer (or an email from your attorney) for a digital version, if applicable. Make sure both are the fully executed version!
3. If you already have a digital version, create a folder on your home laptop called “Estate Documents.” Create a desktop shortcut to this folder. Next, create subfolders for each category such as health, property deeds and life insurance policies.
4. If you don’t have a digital version of a document, scan the hard copy and save the digital version directly to the folder you just created. Be sure to clearly name the file (rename if a random file name was automatically assigned) to make it easier to locate.
5. Place the hard copy in a clearly labeled envelope(s) and then into a fireproof home safe or file cabinet. Be sure to provide the location of the keys or combo to the safe to your spouse, trusted family member or friend and key fiduciaries (for example, your executor).
6. Back up the folder you just created to the “Cloud.” This could be Dropbox, Box, iCloud, OneDrive or whichever cloud service you use. Test it for remote access availability by logging on to your cloud service a day or so later to see if you can find it. Saving to the cloud will allow the documents to be accessible from anywhere at any time and even if your laptop is gone. Yes, this will require you to remember your username and password to your cloud service! You probably should have a password keeper (an app of some sort, for all the many passwords and account names you have so add this one).
7. Repeat for your family members who count on you to help them with their legal matters such as spouse, parents or children. If you’re responsible for helping an elderly aunt, for example, you need a copy of the power of attorney for financial matters and for health-care decision making. Otherwise, your ability to help could be limited or prevented.
8. Consider sharing the link to your documents with your financial team (including lawyer, CPA, financial planner, insurance consultant and trust officer).
9. Share your living will with your primary care physician and have the “tough” discussion with your health care agent.

10. Finally, READ all of your documents to determine if they still meet your wishes. If not, or if you're worried that they're too old, contact your lawyer to work on new ones, along with the ones that are missing and relevant to you.

Document List

Provide clients with the following document list to help them find documents to organize. If your firm has a portal, you might have the client upload the copies of their final effort to your portal so you have all their documents as well.

- Beneficiary designation forms for every retirement account, insurance policy, etc.
- Will.
- Revocable trust.
- Power of attorney (for financial matters).
- Irrevocable trusts.
- Health care proxy.
- Living will.
- HIPAA release (Health Insurance Portability and Accountability Act).
- DNR (Do Not Resuscitate).
- POLST (Physician Orders for Life Sustaining Treatment).
- Deed for each property owned.
- Governing documents for any business entity: partnership agreements, shareholder agreements, operating agreements and buy sell agreements.
- Life insurance policies and beneficiary designation confirmed by company
- Disability insurance policies..
- Long term-care insurance policies.
- Beneficiary designation confirmed by retirement sponsor

Encouragement from advisors will help making these steps a reality. Advise clients that if the project takes them more time than anticipated, they should just proceed ahead at whatever pace works for them. Suggest to clients that as they proceed with this project, they should periodically update the legal document master list. Encourage clients "Don't give up! Your heirs and executor will thank you." But it's really even more, when age or health issues make it harder for your clients to handle their own financial and legal affairs, the client themselves will be grateful for having undertaken this effort.