

Getting Your Financial House in Order

A Step-by-Step Guide

Most families know they should review their financial and estate plans. Far fewer know where to begin.

When it comes to getting your financial house in order, the biggest obstacle is often the sheer number of moving pieces — accounts and estate planning documents housed in different places with different named beneficiaries or agents. Tackling everything at once can feel overwhelming.

The good news is that meaningful progress doesn't require doing everything at once.

In this piece, we've broken the process down into steps throughout a year, focusing on one or two key

planning priorities at a time. By approaching the work in manageable steps, families can build momentum, gain clarity and create greater confidence in their overall financial picture.

This guide is intended as a starting point, not a one-size-fits-all checklist. Every family's situation is unique. As an investment office, Hirtle & Co. works closely with families throughout the year to coordinate these conversations, identifying planning opportunities and helping ensure financial, investment, tax, and estate considerations remain aligned.

Whether you're reviewing your plans for the first time or revisiting them after years of change, this framework can help you take the next step toward a more organized and intentional wealth journey.



Months 1–2 — Put Together a Personal Net Worth Statement

One of the clearest ways to take stock of your financial life is to prepare a personal net worth statement. Using recent statements from banks, brokerage firms, insurance companies and other providers, it brings together your assets and liabilities in one place and offers a clearer view of your overall financial picture.

Your personal net worth statement can be a great tool for setting financial goals and can help show you where to focus, whether it is saving for retirement, building your investment portfolio or coming up with a plan to pay off your liabilities. It will also help your loved ones immensely should anything unexpected happen where they need to understand what you own and what you owe.

You can use a spreadsheet or even a simple list to name your assets and the estimated value of each of the following:

- Bank accounts
- Investment accounts
- Insurance policies
- Business interests
- Homes and vacation properties
- Charitable Accounts
(including Donor Advised Funds or Trusts)
- Revocable and Irrevocable Trusts
- Meaningful personal property
(e.g. car, jewelry, art, antiques)
- Anything else of value

You should also document your liabilities and the outstanding balances, including:

- Credit cards
- Mortgages
- Car loans
- Student loans
- Medical bills or accounts

For every line item, we recommend including the account number, balance and other relevant information such as the name and contact information or the advisor, broker, lender, etc. You will want to make sure that at least one trusted person, such as a spouse or child, has access to your personal net worth statement and possibly even your computer or document storage system.

Your personal net worth is calculated by subtracting your total liabilities from your total assets. Importantly, this is not a static number. It changes as market values fluctuate and as you acquire new assets or pay down debt.

Next Steps After Creating Your Net Worth Statement

Once your net worth statement is complete, take a moment to reflect on what it reveals. You may find that your total net worth is higher or lower than you expected, or there may be areas where you need to improve. Either way, it's a great opportunity to set actionable financial goals for the rest of the year. Here are a few ideas on how to use your net worth statement to move forward:

SET FINANCIAL GOALS Whether your goal is to save for retirement, reduce debt, or save for a major purchase like a house or education, your net worth statement can help guide where to focus your attention.

INVEST FOR THE FUTURE If you have extra assets that are not working for you (e.g., cash sitting in a low-interest savings account), you may want to consider diversifying your investment portfolio for long-term growth, such as contributing to your retirement accounts or exploring other investment opportunities.

REVIEW YOUR INSURANCE COVERAGE After reviewing your net worth, you may realize that you need more or different insurance coverage, whether for home or property, life or disability. If you have meaningful personal property, such as an art collection, fine jewelry, collector cars or antiques, you should have those insured to protect these assets in case of unforeseen events.

ESTATE PLANNING If you have not already done so, now is the time to start thinking about your estate plan. A net worth statement will help you identify the size of your estate and what can be inherited by beneficiaries if you were to pass on.

REVISIT YOUR FINANCIAL PLAN ANNUALLY Make it a habit to revisit your net worth statement and adjust your financial plan each year to ensure it reflects your evolving needs and goals. Life events such as marriage, the birth of a child, career changes, or a move to a new home or state can affect your net worth and financial priorities.

While putting together your personal net worth statement may feel like a chore, the benefits are significant. It allows you to have a better understanding of where you stand financially and provides the clarity needed to make informed decisions about your future. It also provides a foundation for your estate plan. As you accumulate assets over time, you need to make sure you are incorporating those into your wealth transfer strategy.

Months 3–4 — Review Asset Titling and Beneficiary Designations

For each and every one of the assets on your personal net worth statement, you should spend time reviewing the asset titling and any beneficiary designations that may be associated with the asset. It's important to focus on the specific way an asset is titled—whether individually, jointly, or in a trust—because that determines who controls the asset, how it may be taxed, who may inherit it after you pass and how it will be distributed to that inheritor. Even the most well-crafted estate plans can be undone or made more complicated if assets aren't titled properly or beneficiary designations are out-of-date.

Certain assets—such as life insurance and retirement accounts—allow you to name a beneficiary directly. These designations typically allow the asset to transfer outside of probate, which can save time, legal fees and unnecessary complexity.¹

Other assets—such as some bank accounts or investment accounts—may allow for payable-on-death (POD) or transfer-on-death (TOD) designations which allow you to pass assets outside the probate process and be distributed directly to the beneficiaries listed. For any such assets, you should take time to review relevant beneficiary designations to make sure they reflect your wishes and account for any changes in your life circumstances, estate planning goals and tax laws.

Too often, people designate a beneficiary when they first set up an account and then forget about it. But over time, these beneficiary designations may become inappropriate or obsolete due to changes such as marriage, divorce, the birth of children, the children reaching older ages or the death of a beneficiary. Reviewing and updating your beneficiary designations ensures that assets are transferred to the right people and streamlines the process to do so. Passing assets by beneficiary designations may also minimize the exposure of assets available to creditors. When reviewing your designations, you should also name contingent beneficiaries, who will inherit the asset if the primary

beneficiary passes before you.

Assets that are held solely in your name with no beneficiary or TOD/POD designation generally must go through the court probate process in the state in which the asset is located.. If you have a will, the assets will be distributed through the court process according to the will's terms. If you pass away and do not have a will ("passing intestate"), the laws in the state where you live will provide a distribution hierarchy of beneficiaries. All assets that go through probate will be subject to creditor claims.

If an asset is held jointly, it can take a couple of different forms and may be subject to creditor claims, depending on the designation.

JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP

When one owner dies, the asset automatically transfers to the surviving owner(s) without going through probate.

TENANCY BY THE ENTIRETY Offered in some states for married couples, this version of joint ownership offers rights of survivorship and offers a basic form of protection against a spouse's creditors, which may be preferable if it is permissible in your state

TENANTS-IN-COMMON Each party owns a specific portion of the asset. When one owner dies, the deceased owner's portion will not automatically transfer to the remaining owners, but instead would be subject to the person's will, in the same manner as an individual asset.

An alternative to holding your assets in your individual or joint name(s) is to have them titled in the name of a trust. Assets held in a trust do not have to go through the probate process to be distributed to the recipient beneficiaries. Although the person who created the trust may pass away, a trust itself never "dies." Instead, when a grantor who is also a trustee passes away, a new successor trustee comes into power and administers the assets in the trust.

¹ Oftentimes, people confuse the concept of "going through probate" with the concept of whether an asset will be subject to estate tax. These are two different concepts. Probate is the court process that facilitates the transfer of assets from the decedent to the person's beneficiaries. Whether an asset will be subject to estate tax is dependent on whether the decedent had control over the asset. For purposes of this article, we are focusing on how an asset is titled in order to avoid the probate process.

Assets held in an irrevocable trust are typically no longer part of your taxable estate and are generally protected against creditors, but it is extremely important that the titling is done correctly. You must retitle assets in the name of the trust so that the trustee (on behalf of the trust) owns the asset, and control is ceded to the person(s) named as those trustee(s.)

The selection of trustee(s) is of paramount importance—that person is the legal fiduciary with responsibility for managing and administering the trust assets for the beneficiaries in accordance with the trust's terms. It is

critical to select people who are trustworthy, financially astute and capable of making difficult decisions if necessary.² In case your initial trustee does not prove to be the right fit, your trustee document should include clear language specifying who can remove and replace trustees.

The bottom line is that proper titling and up-to-date beneficiary designations are the engine under the hood of your estate plan. A little maintenance now can save your loved ones from unnecessary costs, delays and disputes down the line.



Months 5–6 — Review Financial Power of Attorney and Healthcare Power of Attorney

No one likes to think about a time when they may be unable to make decisions for themselves, but planning for that possibility is an important part of getting your financial house in order. If you do not already have a Power of Attorney (POA) and Healthcare Power of Attorney (HCPOA), it is advisable to put them in place. If you do, review them periodically, especially after significant life events such as marriage, divorce, birth of a child or a major health event, to ensure they continue to reflect your wishes and the people you trust to act on your behalf.

A general or financial POA is a document that designates someone to act as an agent(s) on your behalf in financial matters should you be unable to make decisions. This person will be able to access all your financial assets and could be responsible for paying your bills, making deposits, managing your investments, filing taxes or even selling assets such as your car or home.

Choosing the right person is critical. Trustworthiness is paramount, and you should select someone you know will follow your wishes and act in your best interest. Beyond trustworthiness, you should consider the person's financial aptitude, organizational skills, communication skills, assertiveness and ability to maintain calm under pressure.

Not all POAs are the same, and you can decide which powers to give your agent. In addition to handling your day-to-day financial affairs, you may decide to give your agent the ability to implement certain aspects of your estate plan. For instance, the agent could be granted the ability to make gifts (up to the annual exclusion amount). It is important to have clear POA documentation outlining which specific power your agents should have.

You should also have a separate Health Care Power of Attorney designating an agent, or agents, to make medical decisions on your behalf. A typical HCPOA will allow your agent to authorize medical or surgical procedures, coordinate prescription medications and treatment plans, authorize admission to a medical, residential or other facility, and make other general healthcare decisions for you. We recommend naming one agent instead of multiple agents so that the doctor who needs direction can receive that from one contact instead of needing multiple agents to agree (especially for time-sensitive decisions). It is extremely important that you make your wishes clear not only in your HCPOA, but also to your agent.

Some HCPOAs also include provisions concerning end-of-life care preferences, or those provisions may be in a separate document called a "Living Will." In a Living Will,

² Our paper, [Who Do You Trust? Understanding Your Choices When Selecting a Trustee](#), provides insight into the pros and cons of various trustee options, including individuals, private fiduciaries, independent trust companies and corporate trustees.

you set forth directions concerning the level of care (if any) you want for end-of-life treatment. This directive provides instructions for your health care providers to follow regarding the use of life-sustaining treatments, such as life support (or the removal of it). In your HCPOA or your Living Will it is also important to provide clear direction regarding your desire if you want to be an organ donor, as well as your bodily disposition directions (meaning if you want to be buried, cremated, etc.)

It is worth noting that the agent(s) named in your POA and HCPOA do not have to be the same. Many people name their spouse and/or children to act as agent(s). If you choose to name co-agents for your POA or HCPOA, you should be especially clear regarding your wishes as it can cause complications if there is disagreement on the best course of action. Regardless, you should always name one or more successor agents in case the person named as agent is unavailable or unable to act when necessary.



Months 7–8 — Reassess Your Will, Trusts and Related Documents

Your will, trusts, and related estate planning documents should reflect your current wishes, family circumstances, and financial situation. While it's a good idea to review these documents from time to time, certain life changes may especially influence your planning.

FAMILY CIRCUMSTANCES Marriage, divorce, the birth of a child or grandchild, the loss of a loved one, or simply watching your children grow up can all affect your estate planning decisions. For parents of young children, one of the most important decisions is who to appoint as a guardian if you and your spouse pass away while your children are minors. Your selection may change over time as your children age or if the original guardian's situation changes.

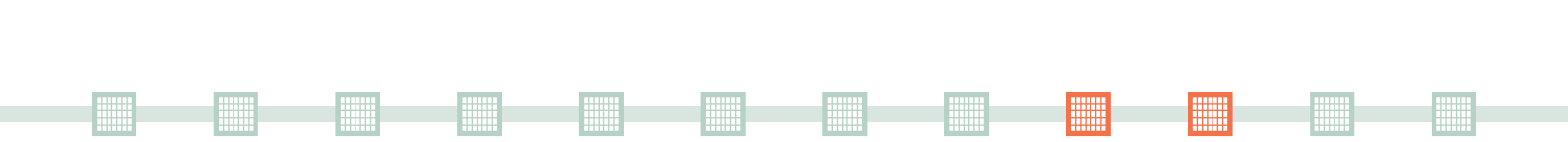
KEY PEOPLE AND ROLES The individuals you've named as executor, trustee or guardian may experience changes in their own lives that affect their ability to serve. Distance, health concerns, age, availability or changes in family dynamics can all be reasons to reconsider those appointments. If your estate becomes more complex, you might consider a professional executor, such as an attorney or accountant, rather than a family member or trusted friend.

WEALTH ACCUMULATION Over time, you may accumulate assets that need to be included in your will or trust. If you purchase additional property, for example, you will want to make clear who inherits it and make sure you understand how it will be transferred.

If you have a trust, you may consider drafting a pour-over will, a separate legal document that ensures any remaining assets not explicitly named in your will automatically transfer to the trust after you pass away. While pour-over wills must still go through the probate process, they serve as a mechanism for passing all your assets to your intended beneficiaries. Without this "safety net", any assets not named in your will are likely to be distributed by the court.

WHERE YOU LIVE If you've moved to a new state, it's advisable to meet with an attorney in your new state of residence to learn and understand the nuances of estate planning in that state. Different states may have specific tax advantages (or disadvantages) that you will want to be aware of.

REGULATORY ENVIRONMENT Changes in state and federal tax and regulatory environments can also have material impacts on your estate plan so it is important not just to review it yourself, but to have an attorney advise if your choices are still optimal given current laws.



Months 9–10 — Talk to Your Agents, Beneficiaries and Other Relevant Parties

As you get your financial house in order, we recommend that you inform the people who will be impacted by your plans, especially the agents you have designated in your power of attorney documents, the executor of your estate, the trustee of your trust and perhaps your beneficiaries.

If your financial POA, executor or trustee is a spouse or close relative, you may want to share your Personal Net Worth statement or, at the very least, make them aware of where it is saved and how to access it should they need to. Given today's two-factor authentication measures, it is helpful for your agent to have or know where to locate the password to your phone and/or the answers to your security questions.

Additionally, you will want to make sure your HCPOA knows he or she is named in your document and knows exactly what your wishes are for medical decisions and end-of-life care so that they can feel confident if they have to act on your behalf. This includes any directives related to life-sustaining treatments (or the refusal of such treatments.) If you suspect that family dynamics will be an issue, you want to relay your preferences to multiple family members so that there is no disagreement or confusion about your wishes. We strongly recommend making a list of medications and dosages (or at least taking a picture of all your medicines) and providing them to your HCPOA as well as other family members, in case

it is ever needed in an emergency. This could potentially influence the course of your care and make the process smoother for your loved ones and medical staff.

We also highly recommend writing and passing along a letter of wishes to your loved ones. Leaving instructions for your funeral or memorial services and reiterating the same directions about cremation or burial that you listed in your HCPOA can be critical at the right time. It is helpful to record your wishes to avoid any ambiguity related to things like cremation vs. burial, the type of service you would like and any other things you may want to specify such as directing donations to your favorite charity, special readings and music selection. Any guidance you can provide to loved ones will help them at a time when they may feel uncertain.

We suggest that you also think about how to communicate with your beneficiaries. Depending on their ages, you may not want to give them all the information related to their inheritance. However, for young children or grandchildren, a conversation about estate plans can start with financial literacy. It is never too early for children to begin to learn about the value of saving and as children age, it may make sense for them to learn the basics of investing. For older beneficiaries, letting them know if they will receive an inheritance outright or in trust can help them in their own personal planning.

Final Thoughts

Taking the time to organize and review your finances and critical estate planning documents can create peace of mind for both you and your loved ones. By breaking down the process into manageable steps and addressing key areas such as personal net worth, asset titling, power of attorney, and will updates, you can ensure that your plans reflect your current life circumstances and goals.

While you don't have to follow the exact plan outlined above, you won't regret reviewing your documents

and sharing information with trusted family members and agents.

The effort you put into this process now will create a lasting impact, offering both financial security and emotional reassurance for your family in the years ahead.



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Denise is a Director with over 25 years of legal and financial experience working with multi-generational client families on all aspects of their financial lives. Denise draws on her past experiences to help clients develop and implement their wealth transfer plans and makes recommendations about wealth transfer and income tax saving strategies. Denise joined Hirtle & Co. from Wells Fargo's Abbot Downing division where she was a director who specialized in working with complex families. Denise obtained a juris doctorate degree from the Arizona State University College of Law and graduated magna cum laude with a bachelor's degree in accountancy from Arizona State University. She also obtained her Certified Public Accountant (CPA) designation (not currently practicing) and is a member of the Arizona Society of Certified Public Accountants. Denise is based in Hirtle & Co.'s Scottsdale, AZ office.



Since 1988, Hirtle & Co. has been serving as an outsourced investment office for nonprofits and families who rely on the growth of their assets to support the causes and people they care deeply about. Our business model is intentionally designed to avoid conflicts and align decisions with the missions and goals of the nonprofits we serve. With each client in mind, we aim to design and manage fully customized investment programs that are diversified across global public and private markets. Leveraging our purchasing power, we provide access to highly vetted specialist managers while seeking to minimize costs and maximize net returns. We take responsibility for the success of each investment program, acting with the accountability of your own internal investment department.

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