



Managing Debt after Death: 10 Things You Need to Know by Trisha Sherven (Credit.Com News)



"Coping with the death of a loved one is difficult enough without the added pressure of creditors calling you to collect on the deceased person's credit card debt. But can a bank collect a credit card debt owed by your deceased parent or spouse? The answer depends on a range of factors, from whether it was a joint account to where the deceased person lived. Here are some questions — and answers — about what happens to bills after someone dies."

1. Are family, friends or heirs responsible for debts?

When you take out a credit card in your name, you're agreeing to repay whatever you borrow. Whether you're alive or dead, that obligation doesn't extend to your family, friends or, in most cases, even your spouse. In short, while your heirs can inherit your worldly possessions, they don't inherit your credit card balances and they don't have to pay them. Exception? If someone else was jointly liable on the debt with you. Joint account holders are generally fully responsible for the entire debt, even if all the charges were made by only one of them. The fact that your heirs aren't responsible for your debts, however, doesn't mean your creditors won't try to collect from them.

2. Direct creditors to the executor

While heirs or family typically aren't responsible for your debts when you die, that doesn't mean they just go away. Instead, the obligation transfers from you to your estate.

When a person dies, their estate is born. That estate will have someone, known as the executor or administrator, who will be

designated by the will and affirmed by a court to handle all financial issues of the deceased, including their debts.

If you're not in charge of an estate and get a debt collection request, direct the caller to the executor, then tell the caller you don't want to be contacted about that debt again.

3. Notify creditors and credit bureaus

The executor of the estate should notify creditors as soon as possible of the death. They should also notify the big three credit reporting agencies — **Experian, Equifax and TransUnion** — and request the account be flagged with the statement "Deceased: Do not issue credit." This will help prevent an all-too-common problem: *identity theft of the dead*.

The executor should also request a copy of the deceased's credit report. This is the best way to find out exactly what debts were outstanding.

Here's the process, in the words of **TransUnion**:

Step One: Contact all creditors that the deceased person(s) did business with and request that they mark their files accordingly.

Be sure to forward a copy of the death certificate, once you receive it.

Step Two: Check with the Social Security Administration to ensure that they have updated their files and notified the credit reporting companies. **Step Three:** Forward a copy of the death certificate to all three credit reporting companies. Mail your information to:

TransUnion LLC

P.O. Box 2000
Chester, PA 19022

Experian

P.O. Box 2002
Allen, TX 75013
888-397-3742

Equifax

P.O. Box 740260
Atlanta, GA 30374
800-685-1111

Remember to send certified letters when corresponding with credit bureaus or individual companies and keep copies.

4. Find out who's responsible

As mentioned above, people who request credit together are equally responsible for the entire debt. The same is true with a co-signer, who essentially guarantees the debt of the borrower. If the



borrower dies, the co-signer becomes liable.

Authorized signers or additional cardholders on credit card accounts, however, aren't liable. They didn't originally apply for the credit; they were just allowed to "piggyback" on the account of the person who did. If that person dies, the authorized signers aren't generally on the hook.

5. Stop using credit accounts

If you are an authorized user on a credit card account, don't continue to use the card after the main cardholder dies. Because you're not liable for the debt, this could be considered fraud.

A surviving spouse can ask for a card to be issued in his or her own name. It will most likely be a new card application, based on the survivor's credit history, income, etc.

6. Don't split up all the belongings yet

It's natural to think that you should immediately start giving Grandma's antiques and jewelry away. But Credit.com expert Gerri Detweiler says it's a good idea to wait.

Only after the estate has settled its debts should the assets be distributed. Distribute stuff beforehand, and should the estate not have enough to pay its debts, the heirs could become responsible for the debt.

7. Ask creditors for help

If a surviving spouse is a joint account holder on the deceased's credit card and is having trouble paying the bills, that person may be able to work something out with creditors.

Ask for options to give you time to get organized.

8. Community property states are different

If you live in a community property state, forget what you read in No. 1 above. Your rules are different.

In a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, Wisconsin and, if you choose it, Alaska) one spouse can be liable for the debts of another, even if they didn't agree to them or even know about them. So in a community property state you

may be on the hook for the credit card debt of a deceased spouse.

9. If an estate can't pay, the lenders lose

Sometimes the estate has more debts than assets to pay them. If no one else can be found responsible for the debt, creditors will be forced to write it off.

10. When in doubt, contact an attorney

This stuff can get complicated, especially when community property law is in place. Contact a consumer law attorney or probate attorney to get help.



The Affordable Care Act requires you to maintain basic health care coverage – called minimum essential coverage. If you don't have minimum essential coverage, you may have to pay a fee for each month you aren't covered.

Under TRICARE:

You have minimum essential coverage if you're using any of the following health plans:

- TRICARE Prime
- TRICARE Prime Remote
- TRICARE Prime Overseas
- TRICARE Prime Remote Overseas
- TRICARE Standard and Extra

- TRICARE Standard Overseas
- TRICARE For Life
- TRICARE Reserve Select (if purchased, see below)
- TRICARE Retired Reserve (if purchased, see below)
- TRICARE Young Adult (if purchased, see below)
- US Family Health Plan
- Transitional Assistance Management Program (transitional)
- Continued Health Care Benefit Program



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