

Some Thoughts on Keeping Your Death From Being an Undue Burden on Your Heirs

Seniors don't want to be a burden to their children while they're alive, and there are ways to reduce their burden after they die.

If you've ever served as a personal representative (aka, "executor") for someone who has passed, you know that it can be a long and burdensome process. There are actions that you can take now so that handling *your* estate is less burdensome.

First, of course, you need to write a will, and make sure that it can be found upon your death. You can find law firms that specialize in estate planning which can help you with composing a will plus other tools such as a medical power of attorney, living will, living trust, and, for real estate, a beneficiary deed.

Searching for "estate planning" on the internet produces an abundance of easy-to-understand advice from multiple trustworthy websites ranging from wikipedia.com to fidelity.com to the American Bar Association, nerdwallet.com and the National Council on Aging. One website that I clicked which had excellent and thorough advice is investopedia.com.



By JIM SMITH Realtor®

A good piece of advice from AARP is to add the person you designate as your personal representative to your bank accounts, the title of your vehicles, and to your credit card accounts, so those are not frozen and unavailable after your death. And you might want to dispose of excess property that is otherwise cluttering up your basement and garage.

When Rita and I downsized from our 4,000-sq.-ft. home to an 1,100-sq.-ft. apartment, we did our heirs a great favor, because it required us

to dispose of an immense amount of stuff that was cluttering up our basement. We gave unused bicycles to the Optimist Club's Bicycle Recycle Program, and took several car loads of clothes, dishes, silverware, small appliances and you-name-it to Goodwill. Since I was our own Realtor in the transaction, I cleverly inserted in the contract of sale that "the seller can leave anything he doesn't want," which included countless tools and other stuff in our garage. That was in addition to selling most of our furniture to the buyer for \$10,000 paid by check outside of closing.

An unbelievable sense of lightness and peace of mind filled Rita and me from the experience of disposing of so much stuff that would have only been a burden to our heirs if we had died in that home.

Notice that I did not advise you to add your heirs to the title of your house. If you do, your heirs will not

only inherit the house, they will also inherit your capital gain when they go to sell it. The better strategy is to create a beneficiary deed naming your heir(s) as the beneficiary. A beneficiary deed, also known as a transfer-on-death (TOD) deed, is a legal document that allows a property owner to transfer ownership of their real estate to a designated beneficiary after they die. The deed is effective upon the owner's death and bypasses the probate process. This approach, like leaving the property to your heirs in your will, allows your heirs to avoid the capital gain on your home, because its value is "stepped up" to the value of the home at the time of your death. If they sell the home soon, they will probably owe little or no capital gains tax.

For more estate planning advice, I can recommend a lawyer specializing in that field. More advice at <http://realestatetoday.substack.com>.

Is a Heat Pump Right for Your Home? Here Is Some Useful Information

More and more builders and homeowners are looking at the possibility of switching from gas forced air to heat pumps for heating homes and domestic hot water, especially given the huge tax credits offered under the Inflation Reduction Act.

The following is adapted from an article I saw on www.CustomBuilderOnline.com.

How do heat pumps work?

A heat pump moves heat, it doesn't generate heat.

A furnace *combusts fuel* — oil, natural gas, or propane — and that fuel heats a metal component called a heat exchanger. A fan blows air over it, and that's how a home heats up, explains **Matt Rusteika** of the **Building Decarbonization Coalition**.

In heat pumps, there is a compressor which moves a liquid/gas through copper pipe coils located outside and inside the home, operating on two laws of physics: gases get hotter under pressure, and heat moves from hot to cold. Compared to combustion, the heat pump doesn't burn fuel, rather, it uses energy from the pump and compressor to harvest heat and move it.

"Heat goes into the coil, gets pumped through the compressor, the compressor puts it under pressure so it's very hot. It goes inside, air blows over the inside coil, deposits the heat in the house, comes back outside, and starts the cycle again," explains Rusteika. During cooling operation, the cycle is merely reversed, pumping heat *out* of the house.

What are the negatives of heat pumps?

Heat pump efficiency drops as temperatures get colder, explains **Russell Unger**, principal at **Rocky Mountain Institute**. Early heat pumps were not efficient at very cold outdoor temperatures, and some contractors are unaware of the improvement in efficiency that is now common. Nowadays there are cold-weather heat pumps which can draw heat

out of the air even at sub-freezing outdoor temperatures, says Unger. He points to the state of Maine, which has very cold winters but has the highest percentage of homes heated with heat pumps.

In 2019, Maine Governor Janet Mills announced a goal to install 100,000 heat pumps in the state by 2025. That goal was achieved in July 2023, and now Gov. Mills has a new goal of 175,000 more heat pumps installed by 2027.

"When you look for a heat pump, you need to look for a climate-appropriate heat pump," says Rusteika.

How much does switching to a heat pump cost?

With rebate incentives from the Inflation Reduction Act (IRA), switching to a heat pump is more affordable than before.

Thanks to the IRA, heat pumps are now affordable for low-income households and we're seeing a lot of heat pumps in those homes now, says Unger. Rebates under the IRA are as high as \$8,000 for the heat pumps and \$6,500 for the wiring to support them, he says.

When a homeowner needs to replace an existing heating system, the wisest move may be to install a heat pump. *The Department of Energy estimates that efficient electric heat pumps can save families approximately \$500 to \$1,000 annually.*

Heat pumps are being installed in great numbers in Maine because the marginal cost of switching to a heat pump is pretty small, explains Unger. Where there is a need for both heating and cooling, a heat pump provides a complete solution. The heat pump

replaces two separate components — the furnace and A/C compressor — with a single component using the same ductwork. And if a homeowner installs solar, earning additional IRA tax credits, there's great synergy, since the heat pump uses only electricity and uses it very efficiently.

How popular are heat pumps?

Revised building codes have increased the adoption of heat pumps within the last few years. Still, a lot of HVAC contractors remain skeptical. Many of them tried older heat pumps and it didn't work as well in cold climates, so getting them to revisit the option has proven difficult, but needs to be encouraged, says Unger.

Heat pumps have outpaced furnace sales every month for the past two years, in addition to solar generation increasing about 40% in the last 20 years, and battery sales up 70% in the last 10 years,

"There's a big shift happening right now. To remain competitive, to get ahead of what customers want, this is something for contractors to start paying attention to," says Unger.

In the posting of this article online at <http://RealEstateToday.substack.com>, I've added hyperlinks to Maine's experience and to the rebates available under the Inflation Reduction Act.

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