

Do You Know a Financial Hoarder? 4 Steps to Untangle the Mess

Accumulating assets for the sake of accumulation can leave behind overwhelming chaos for heirs. Ignoring the problem will only make it worse.



(Image credit: Getty Images)

On its face, financial hoarding doesn't seem like such a bad thing. What's wrong with accumulating assets? But this good behavior can easily become hoarding when taken too far. When accumulating for its own sake becomes the goal, you, or someone you know, might be crossing over into financial hoarding.

Like the hoarding of physical objects, financial hoarding can get out of control because all those different accounts and pools of money become too overwhelming to deal with. Ignoring the situation only makes it worse and more difficult to untangle, but that's exactly what people want to do. I experienced this in my own family.

"Everything you need is in the black box at the back of my closet."

The first few times my husband's grandfather said this to me, I stayed silent. I was an in-law, so I felt awkward about talking finances directly with him, rather than involving the rest of his family.

But then he mentioned something about stock certificates.

That's when the alarm bells went off. I could no longer sit in awkward silence. I knew I had to act. And, because he wasn't getting any younger, I had to act quickly.

What Is Financial Hoarding?

Being in the business I'm in, I've seen this scenario before. An older relative has amassed a large variety of investments and bank accounts over a lifetime, thinking that they're following the diversification rule by spreading their wealth around. But much like squirrels in the winter, people can forget where they left this account or that stock.

It's just a form of financial hoarding. And it can potentially create a mess for heirs when the time comes to settle the estate — something that could take years to unravel.

Think about Aretha Franklin. At the time of her death in 2018, the Queen of Soul didn't have a will (although multiple handwritten wills have turned up in the years since her death), despite having an estate worth \$80 million. Her estate was truly sprawling, encompassing real estate, luxury cars, furs and uncashed royalty checks.

It can be a nightmare to settle an estate after the account holder passes away. You can't benefit from their knowledge. The same goes for when a relative is cognitively impaired and can't help guide you through the process. But imagine how much more the situation is to handle when combined with financial hoarding.

What Causes Financial Hoarding?

Most often, the cause of financial hoarding boils down to fear — fear of going broke, fear of not being able to access money, fear of being taken advantage of, fear of technology and so on.

For my husband's grandfather, the idea of being able to see all the stock certificates in his black box was reassuring. But in reality, it was the opposite. The certificates could easily have been stolen and therefore gone forever.

What Should You Do if You or Someone You Know Is a Financial Hoarder?

Financial hoarding may not be obvious at first. It wasn't until my husband's grandfather was nearing the end of his life and talking about his finances that the family tuned in to the issue. Once you realize what's going on, there are some steps you can take to untangle the financial mess. The job will be inordinately easier if your loved one is still alive and cognitively aware, since there might be legal documents to sign as you work through accounts.

Consider these steps:

1. Convert From Paper to Digital

It's 2022. There's no reason to have paper records. In fact, almost 20 years ago, the Group of Thirty, a collection of global business and government leaders, called for an end to paper stock trading worldwide. Here's why: Refinitiv Securities Information Center, which operates the SEC's Lost and Stolen Securities Program, reports that \$48 billion worth of stock certificates were reported missing or stolen last year. (You can fill out this form to track down lost or stolen securities.)

To convert paper-based stock certificates to digital versions, send them to your financial adviser or custodian (such as TD Ameritrade, Schwab, Fidelity or Pershing), who can add them electronically to your account. If you don't work with a financial adviser and hold stocks directly, you can deal with a transfer agent, a firm that keeps a record of a company's shareholders, that will do the same.

2. Consolidate Accounts

Long lines of depositors outside banks trying to get their money became the enduring image of the Great Depression. People of a certain age still cling to the notion that spreading their cash around is the safest thing to do. Rather than making their finances more secure, this creates a lot of confusion, making it easy to lose track of accounts.

Consolidating accounts helps to simplify finances by bringing everything under one roof. Be sure that bank accounts don't exceed the FDIC limit, which is \$250,000 per depositor per bank.

3. Have a Legal Will and/or Estate Plan

An estate plan is a great way to bring order to financial chaos because the process involves taking inventory of all financial assets and figuring out how they should be distributed after death.

People with modest financial assets may need only a will, beneficiary designations and financial powers of attorney. But when the financial picture is more complex, trusts can be useful to minimize taxes and spell out how assets should be managed and distributed.

NYSUT NOTE: Now is the time to get your legal documents in order, and as a NYSUT member you can enlist the help of the NYSUT Member Benefits Trust-endorsed Legal Service Plan. This plan can assist you with all your personal legal issues – from preparing crucial legal documents to traffic violations. Provided by the law firm of Feldman, Kramer & Monaco, P.C., this plan provides unlimited access to toll-free legal advice from a national network of lawyers. For more information or to enroll, [click here](#).

4. Work With a Trusted Adviser

Sometimes it's easier for a financial hoarder to work with someone outside the family to get their finances in order. That's where a financial adviser can be of great help. Not only can an adviser take care of the nitty-gritty of consolidating, tracking down and properly titling accounts, but this person can also be a neutral third party who doesn't bring the financial baggage that a family member does.

For the best results, find an adviser who has experience navigating family dynamics and is well versed in how to conduct productive family meetings and transitions.

NYSUT NOTE: Working with a trusted financial adviser can get you on the right track but knowing how to find one and where to start can be a challenge. For NYSUT Members, the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program offers access to a team of Certified Financial Planners® and Registered Investment Advisors that provide members with financial counseling services. These advisors can provide you with unbiased advice that is customized for your specific situation. Take the first step towards getting your finances in order by visiting [the website](#) today.

The Bottom Line

Thankfully for my family, my husband's grandfather knew exactly what he had and how much his stock certificates were worth. We worked together through the whole box for several months before he died to get the certificates titled properly and make them electronic.

My family was lucky to catch him in the narrow window before he died when he was still cognitively aware. If we hadn't, it would have been so much worse. We would have had to send a certified death certificate to every one of his bank and savings accounts as well as for each and every stock certificate — just to get them converted to a new name. And, in the case where the original stock certificate was unavailable, we would have had to pay to have a new one reissued.

To help your family avert this potentially long and costly situation, talk to a financial adviser about what steps to take.

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