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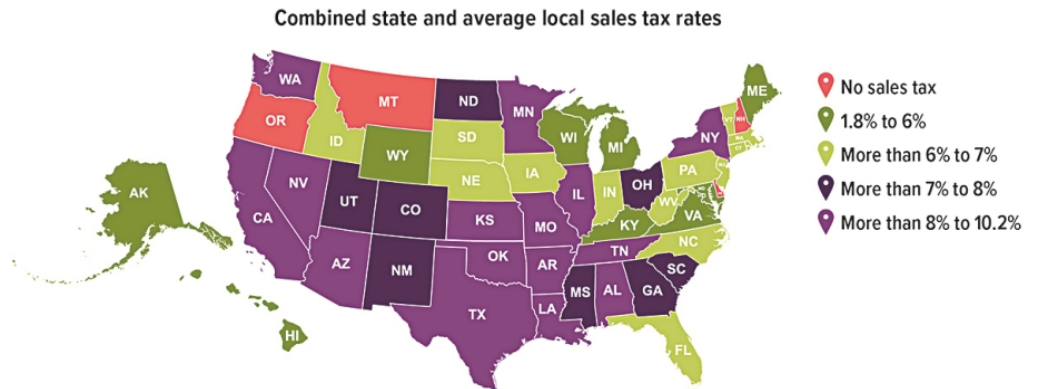
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Number of states that don't have a state income tax: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, and Wyoming; and Washington taxes only capital gains

Source: Tax Foundation, February 2025

## State and Local Sales Tax Across the Map

Among the 46 states (and the District of Columbia) with a state and/or local sales tax, the combined state and average local sales tax rates range from about 1.8% to 10.2%. The sales tax base (defining what is taxable and nontaxable) can also vary greatly. Some states exempt groceries and/or clothing from the sales tax or tax them at a reduced rate. Five states have no statewide sales tax, and of those, only Alaska allows local sales taxes.



Source: Tax Foundation, February 2025

# Debt After Death: What Happens to Debt When Someone Dies?

Losing a loved one is never easy. In addition to the emotional challenges you may face, you might also be worried about what will happen to their debts once they are gone.

Generally, with limited exceptions, when a loved one dies you will not be liable for their unpaid debts. Instead, their debts are typically addressed through the settling of their estate.

## How are debts settled when someone dies?

The process of settling a deceased person's estate is called probate. During the probate process, a personal representative (known as an executor in some states) or administrator if there is no will, is appointed to manage the estate and is responsible for paying off the decedent's debts before any remaining estate assets can be distributed to the beneficiaries or heirs. Paying off a deceased individual's debts can significantly lower the value of an estate and may even involve the selling of estate assets, such as real estate or personal property.

Debts are usually paid in a specific order, with secured debts (such as a mortgage or car loan), funeral expenses, taxes, and medical bills generally having priority over unsecured debts, such as credit cards or personal loans. If the estate cannot pay the debt and no other individual shares legal responsibility for the debt (e.g., there is no cosigner or joint account holder), then the estate will be deemed insolvent and the debt will most likely go unpaid.

Estate and probate laws vary, depending on the state, so it's important to discuss your specific situation with an attorney who specializes in estate planning and probate.

## What about cosigned loans and jointly held accounts?

A cosigned loan is a type of loan where the cosigner agrees to be legally responsible for the loan payments if the primary borrower fails to make them. If a decedent has an outstanding loan that was cosigned, such as a mortgage or auto loan, the surviving cosigner will be responsible for the remaining debt.

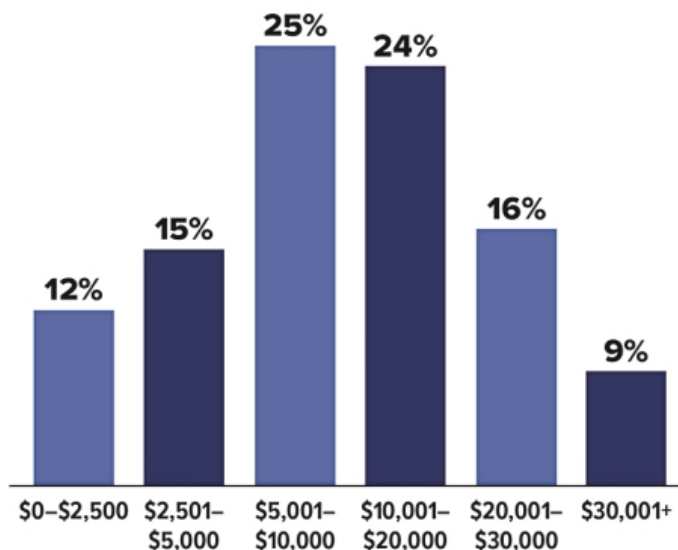
For cosigned private student loans, the surviving cosigner is usually responsible for the remaining loan balance, but this can vary depending on the lender and terms of the loan agreement.

If a decedent had credit cards or other accounts that were jointly held with another individual, the surviving account holder will be responsible for the remaining debt. Authorized users on credit card accounts will not be liable for any unpaid debt.

## Are there special rules for community property states?

If the decedent was married and lived in a community property state, the surviving spouse is responsible for their spouse's debt as long as the debt was incurred during the marriage. The surviving spouse is responsible even if he or she was unaware that the deceased spouse incurred the debt.

## How much debt Americans expect to leave behind when they die



Source: Debt.com Death and Debt Survey, 2024

## What if you inherit a home with a mortgage?

Generally, when you inherit a home with a mortgage, you will become responsible for the mortgage payments. However, the specific rules will vary depending on your state's probate laws, the type of mortgage, and the terms set by the lender.

## Can you be contacted by debt collectors?

If you are appointed the personal representative or administrator of your loved one's estate, a debt collector is allowed to contact you regarding outstanding debts. However, if you are not legally responsible for a debt it is illegal for a debt collector to use deceptive practices to suggest or imply that you are. Even if you are legally responsible for a debt, under the Fair Debt Collection Practices Act (FDCPA), debt collectors are not allowed to unduly harass you.

Finally, beware of scam artists who may pose as debt collectors and try to coerce or pressure you for payment of your loved one's unpaid bills.

# Cybersecurity eSignature Awareness

Cybercriminals are widely distributing mass emails posing as legitimate eDocument/eSignature, email technology organizations, as well financial institutions, trying to take advantage of social engineering tactics.

Here are some helpful reminders that can help you combat cybercriminals.

- **Beware of online requests for personal information.** A coronavirus-themed email that seeks personal information like your Social Security number or login information is a phishing scam. Legitimate government agencies won't ask for that information. Never respond to the email with your personal data.
- **Check the email address or link.** You can inspect a link by hovering your mouse button over the URL to see where it leads. Sometimes, it's obvious the web address is not legitimate. But keep in mind phishers can create links that closely resemble legitimate addresses. Delete the email.
- **Watch for spelling and grammatical mistakes.** If an email includes spelling, punctuation, and grammar errors, it's likely a sign you've received a phishing email. Delete it.
- **Look for generic greetings.** Phishing emails are unlikely to use your name. Greetings like "Dear sir or madam" signal an email is not legitimate.
- **Avoid emails that insist you act now.** Phishing emails often try to create a sense of urgency or demand immediate action. The goal is to get you to click on a link and provide personal information right now. Instead, delete the message.
- **Social engineering will be on the rise.** The use of deception to manipulate individuals into divulging confidential or personal information that may be used for fraudulent purposes is sometimes hard to spot right away. Respectfully asking to verify the identity of people you are speaking with is especially important during a time like this.

# Peer-to-Peer Payments Are Popular, but Be Careful

Making a peer-to-peer (P2P) payment is a convenient way to transfer money to family, friends, or businesses. Whether you're splitting a bill or paying a babysitter, if you have someone's contact information, you can send or receive money quickly and easily using a mobile app or an online platform linked to your bank account or credit card.

Most P2P transactions go smoothly, but what happens when something goes wrong? Unauthorized transactions will generally be refunded by the P2P service. But what if you accidentally type an incorrect character in a username and send money to a stranger, or you're tricked into transferring funds to a scammer? Unfortunately, in either of those situations, because you've authorized the transaction, the P2P service or your financial institution is generally not required to reverse it or issue a refund, so your money is likely gone for good.

## Take precautions to help avoid costly mistakes

### Verify requests, especially if they are unexpected.

Scammers may try to persuade you to send money by pretending to be an acquaintance, a bank representative, or a merchant — make sure you really know and trust the person who contacted you.

### Double-check information before sending funds.

Confirm that the recipient's contact information is correct, and consider sending a small test payment to

make sure that the right person received it. And check the amount you're sending to help avoid transferring more than you intended.

**Use available security features.** These include multi-factor authentication, biometrics, and passkeys. Keep your app up to date to ensure you have the latest protection, and never share your credentials or make payments through unsecured networks.



*72% of consumers use P2P services.*

Source: Federal Reserve Bank of Atlanta, 2024

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**Read terms and conditions.** Make sure you understand what fraud protections and policies apply to the P2P service you're using.

**Pay attention to permissions.** If the app allows social sharing of transactions, check the permissions you're granting. Periodically review privacy notices and disclosures to make sure your selections match your privacy preferences.

If you do encounter a problem, contact the app's customer service department and your financial institution; ask them to investigate, and find out what recourse you may have.

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