

# Optimizing Collections: Mitigating Risk Management in Estate Recovery

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Inflation has affected many aspects of the economy, with the cost of nearly everything rising – from non-discretionary expenses like food and housing to discretionary activities like entertainment and travel. Estate planning, while not something top of mind for most people, has also been affected. According to [Caring.com's](#) 2024 Wills and Estate survey, a mere 32% of Americans possess an estate plan, marking a 6% decrease from 2023. This decline is attributed to the impact of inflation and the rising geographic income inequality in the U.S. Since 2023, 14% of adults attribute “lack of assets” to not prioritizing estate planning.

Yet, the unpredictability of death underscores the critical importance of estate planning, not only for individuals and families but also for financial institutions. An unplanned estate can be overwhelming for the surviving family members. According to [Money.com](#), the average adult carries about \$22,000 of debt, excluding mortgage debt, and 46% of Americans believe they would pass on their debt to loved ones if they were to die today. Your financial institution can help your borrowers avoid this burden by encouraging estate planning. This will also help safeguard your financial institution’s assets and reputation.

Financial institutions play a crucial role in navigating the complexities of estate recoveries, whether the accounts are probate or non-probate. Navigating these accounts necessitates a delicate balance between optimizing recoveries while still providing compassionate support to grieving families. Additionally, financial institutions must follow and stay updated with all rules and regulations to maintain compliance standards. Between optimizing recoveries, handling accounts with sensitivity and assisting borrowers ahead of time, how can financial institutions best manage these accounts?

Financial institutions must adopt comprehensive strategies to address these challenges effectively. Here are key considerations to help guide your financial institution in managing estate recoveries with diligence and compassion.

- **Understand the Difference Between Probate and Non-Probate Assets** – Can your staff differentiate between probate and non-probate assets? Knowing the difference can better equip staff to assist surviving families and equip those family members with the tools to make knowledgeable decisions.
- **Educate Borrowers About the Importance of Estate Planning** – Planning for loss of life isn't necessarily on borrowers' to-do lists, especially at a younger age. Reinforce the importance of borrowers having their estates in order prior to loss of life. Encourage frequent updates of information when life-altering events occur, such as divorce. Educate your borrowers on the type of debt that can remain after the loss of life and how that debt affects loved ones. Ensure borrowers understand who is responsible for those kinds of debt and how they should plan to resolve it.
- **Implement Risk Management Protocols** – Ensure that staff handling probate and non-probate accounts receive comprehensive training and maintain accurate documentation for compliance purposes. Require staff to stay updated on regulatory requirements. Each account

should be handled with sensitivity and confidentiality.

- **Implement Easy-To-Follow Processes for Survivors** – Losing a loved one is hard enough on family members without having to manage an unplanned estate. It is crucial to have a seamless process for the surviving family members to follow. By providing clear and straightforward steps, your financial institution can help alleviate the stress and confusion of managing an unplanned estate and foster a positive relationship with the surviving family members. Consider utilizing a checklist like this [Family Follow-Up Checklist](#) from TriVerity, a third-party collection agency, to begin implementing easy steps for your borrowers to follow!
- **Provide Training and Offer Compassionate Customer Service** – Approaching the surviving family members of deceased loved ones is sensitive. It requires a high level of empathy, sincerity, and patience. Mishandling these interactions can cause a negative experience between the family and your financial institution. Ensure staff understand the importance of each interaction and approach every instance conscientiously, with the utmost care and understanding.

By embracing these considerations, financial institutions can fulfill their responsibilities to borrowers and contribute to fostering financial stability and peace of mind in times of uncertainty.

Is your financial institution equipped to handle the complexities of estate recoveries? Consider partnering with a third-party collections agency that offers comprehensive estate recovery solutions, like [TriVerity](#). Partnering with experts with a depth of probate and non-probate knowledge and a refined focus on maximizing returns while remaining compassionate can help your financial institution empathetically guide surviving family members through the estate recovery process.

*Wendy Elieff has over 23 years of experience in the financial services industry. Wendy oversees the success of the client service and marketing teams at TriVerity, where she is responsible for developing, implementing and monitoring cohesive marketing strategies to increase brand awareness. She is also responsible for building and maintaining client relationships by staying abreast of and responding to changes in the marketplace.*

TriVerity is a full-service collection agency managing non-performing and charged-off loans with a comprehensive menu of third-party collection services. Since 1990, TriVerity has worked with over 2,700 financial institutions nationwide and is a leading industry expert for financial institution collections of all loan types. TriVerity's broad spectrum of collection resources and extensive training programs help financial institutions manage and mitigate loan delinquency rates. Our agents work under the direction and procedures of financial institution collection departments.