

Price & Farrington's Estate and Tax Planning FastFacts

May, 2008

Estate, Tax, Retirement and Family Wealth Planning for Advisors+ Clients

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Instructions to Our Successor Trustee, Part 2 + Things to Do at a Time of Loss

The death of a loved one is always a difficult time for the survivors. This makes it all the more important to assist them with issues they need to address following a death, and how best to implement the decedent's estate plan. Whether it's a *will* to be probated or a *living trust* that requires administration, survivors need help and guidance understanding their role following the loss of a loved one. We always provide our clients with a memo containing guidelines for their children or other *beneficiaries* to help the survivors better understand the *legal obligations* and *planning opportunities* which arise on the death of a loved one. Here's Part 2 of an example of such a memo, involving a married couple who had a living trust in place:

Instructions to Our Successor Trustee

(concluded from our April, 2008 Estate and Tax Planning FastFacts available at www.pricefarrington.com)

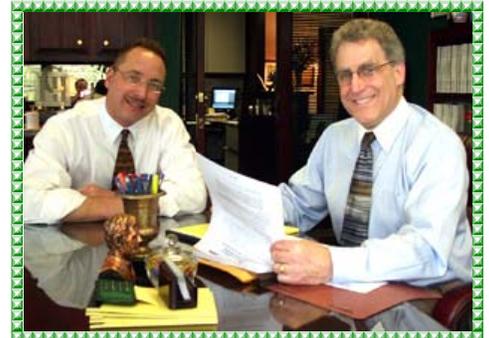
15. Review the allocation and distribution of the remaining Trust property. Determine if any assets are to be retained in our living trust or sold or

distributed or converted to cash. Remember to determine if there are any *debts* or *taxes* to be paid first in order to determine cash flow needs.

16. Determine if a disclaimer is appropriate. Under certain circumstances it might be appropriate for one or more of our beneficiaries to *disclaim* (i.e., renounce or refuse to accept) all or part of his or her distributive share. In that case the property will automatically pass to the next beneficiary in line. *The disclaimer must be made within nine months of the date of our death in order to be valid, and the disclaiming beneficiary is not allowed to have benefitted in any way from use of the property before it is disclaimed.* We strongly recommend that you discuss with our lawyer the rules for and appropriateness of disclaiming any assets we have left to you. [See our September, 2005 FastFacts: "Disclaimers: The Estate Planning Version of "Just Say No" at www.pricefarrington.com]

18. Review Investments. Make sure that the current investment maintained in the Trust are appropriate for the *growth* and *income* objectives of the Trust. This will depend upon the projected future needs of the Trust. We recommend that you review the investments at least quarterly to determine whether, as a prudent investor, you need to reevaluate investment strategies and choices.

19. File federal/state estate tax form 706. At the time we prepared this memorandum, *Tax Form 706* will need to be filed with the I.R.S. only if the gross value of our estate exceeds \$2 million for federal and state estate taxes. This threshold dollar figure might be different at the time of our death. If it is necessary to file an estate tax return,



Chuck Farrington and Glenn Price

contact our lawyer and our C.P.A.

20. Distribute the assets. After all of our bills and taxes and the expenses of administering our Trust have been paid, the final step for you as our *successor Trustee* is to distribute the remaining Trust property. Please pay careful attention to the *distribution of assets* to ensure that this is done in accordance with our wishes. It might be appropriate to sell some assets and distribute the cash proceeds in order to facilitate equal division among our heirs, provided this agrees with our Trust's instructions. If it can be accomplished fairly, we recommend that any beneficiary who wishes to receive a distribution of property *in kind*, rather than a distribution *in cash*, be allowed to do so.

Final Suggestions

There will probably be other tasks to be done in the *post-mortem administration* of our Trust, some of which will involve legal, tax or financial issues. We recommend that you work with our estate planning lawyer and the other members of our planning team, such as our C.P.A., our insurance agent and our financial advisor. *Reasonable fees paid out of our trust estate for knowledgeable*



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professional services is an investment which will benefit you and all of our beneficiaries in the long run. We urge you to seek assistance where necessary.

Thank you for serving as our successor Trustee.”

— John and Jane Doe



Things to do After the Death of a Loved One

Within first 24 hours:

1. Determine whether any of decedent's **property** needs to be safeguarded from potential loss or vandalism, such as a motor vehicle, vacant or rental house, etc.

2. Locate the decedent's **letter of instruction** or other final wishes.

1. Ensure that proper **funeral arrangements** have been made. Funeral home will order **death certificates**.

Within two weeks:

4. Locate the original **Will** or **Trust** and read it. Do not write on original documents.

5. Locate important **records**: account statements; titles; deeds; life insurance policies; retirement plan information.

6. Make an appointment with the estate planning attorney to discuss estate.

7. Notify **life insurance** and **annuity** companies of the death and request claim forms. Order one death certificate for each company.

8. If mortgage life insurance on home exists, notify mortgage holder and insurance company of death.

9. Determine if any **bills** must be paid immediately.

10. Contact **creditors** who are demanding immediate payment and notify of death.

11. Notify credit card companies of death.

12. Cancel credit cards on which decedent was the only signer.

13. Obtain bill for **last illness** from hospital.

14. Order at least one death certificate for each account or major asset owned by the deceased, minimum of seven death certificates from the funeral home.

15. Contact **post office** to make any necessary changes in delivery of mail.

Within one month:

16. Notify **Social Security** and any other organization paying retirement or annuity that a death has occurred. If direct deposits have been made, they will likely reverse them.

17. Gather and organize **financial documents**:

(a) Bank accounts owned by decedent.

(b) Mutual funds owned by decedent.

(c) Brokerage accounts owned by decedent.

(d) Certificates of Deposit in decedent's name.

(e) Stock certificates registered in decedent's name.

(f) Any promissory notes under which decedent was entitled to receive payment.

(g) Titles to motor vehicles or mobile homes that are listed in decedent's name.

(h) Deeds to real property owned by decedent.

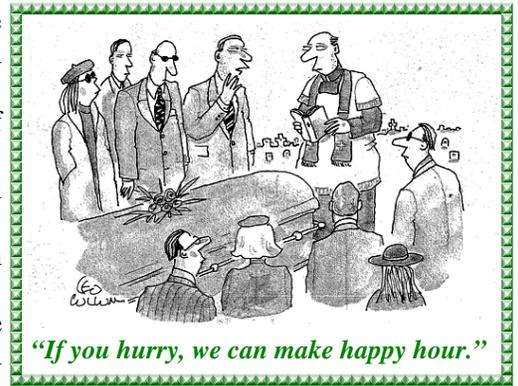
(i) Appraisals of jewelry or other valuable personal property owned by decedent.

18. Gain access to and complete an inventory of contents of any **safe deposit box**.

19. Obtain balance on every mortgage, loan, checking, money market, savings account as of the date of death.

20. Bring to **meeting with attorney** original Will, Trust, financial documents showing balance and account number, death certificates, and inventory of safe deposit box.

21. Notify **tax preparer**, C.P.A.,



accountant or bookkeeper of the death.

Within two to six months.

22. If automobiles are held in joint tenancy, change **motor vehicle titles** to reflect ownership only by the surviving joint tenant.

23. If **stocks** or **bonds** are held in **joint tenancy**, contact stockbroker to change records to reflect ownership only by the surviving joint tenant.

24. If bank or financial accounts are in joint tenancy, leave the deceased's name on the account for 90 days to deposit any final payments to the deceased which might be received, or to provide payment for outstanding checks which might be presented for payment. Review all checking accounts for proper activity to avoid **identity theft**.

(Note: All items listed above need not apply; however, this is meant to be a helpful list at a time of loss.)



Before you suffer the loss of a loved one or experience some other life-changing event, make sure your estate planning is in order. We can help you and your family. GDP.



☞ LIFE ☞

Life is a great bundle of little things. Oliver Wendell Holmes

What a fine comedy this world would be if one did not play a role in it. Diderot

We learn from experience that not everything which is incredible is untrue. Cardinal de Retz

The world is disgracefully managed, one hardly knows to whom to complain. Ronald Firbank