

What Steps Do You Take When a Loved One Passes?

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Your loved one has passed and you are the executor and/or trustee. Suddenly you're confronted with a set of unfamiliar responsibilities at what is already a difficult time in your life. You will find that there are many helpful people to guide you through this process:

- Your funeral director will assist you in getting copies of death certificates and notifying Social Security of your loss.
- Your loved one's employer can assist you in claiming any available benefits to which you or your family may be entitled.
- Your loved one's CPA, attorney, and financial advisors will be there to assist in every step.

Bear in mind that little needs to be done right away. Once you feel you are ready, the following checklist is meant to help guide you through this process.

In the subsequent weeks, you will need to take the following steps:

1. Contact your loved one's attorney, CPA, and financial advisor(s).
 - a. A meeting with the advisors, as a group, is often beneficial to get to know your "team," assign responsibility for handling various matters, and learn about the process of administering an estate.
 - b. With the advisors, review the terms of the will and trust documents to get a basic understanding of the terms and your responsibilities.
2. Before you meet with your advisors, locate any will or trust documents. These are a roadmap of the deceased's wishes with respect to the disposition of his/her assets.
 - a. The original signed copies may be in the decedent's home, a safety deposit box, or with the attorney in his/her vault.
 - b. If there is a safety deposit box, this may contain other relevant documents such as titles or deeds, which you will likely need.
3. Begin developing a preliminary listing of assets for both value and location, and to determine how the assets are titled. The CPA and financial advisor(s) can be a valuable resource in this endeavor. Prior year tax returns can be especially helpful in developing this list.
4. With the attorney, you will determine whether a probate estate needs to be opened.
 - a. This will depend on how the assets are titled.
 - b. Jointly held assets, property with named beneficiaries (i.e., retirement assets/insurance proceeds) and assets held in trust are not subject to probate.
 - c. If probate is required, the attorney will prepare the required documents, appear in court on your behalf, and letters of office will be issued authorizing you to represent the estate.
5. Be sure to consult your advisors before any actions are taken regarding IRA, pension and annuity accounts, as the wrong actions can result in unexpected tax liability or cause other issues. Your advisors will ensure you make appropriate, informed decisions regarding the timing of distributions, account retitling, etc.
6. Identify life insurance claims/beneficiaries. The attorney can assist with completing the required forms.

After the initial meeting, there are additional items you will want to consider:

1. It's a good idea to leave the decedent's bank account open for at least a few months in order to ensure sufficient liquidity, as well as give you time to ensure the smooth continuance of payments such as mortgage, insurance, utilities, etc. Keeping the account open gives you time to set up payments from a new source.
2. You will also want to wait to close the decedent's credit cards. Keep in mind that once you notify a credit card company of your loved one's death, the account will be frozen and you will lose business miles, cash rewards, and other benefits.
3. It is likely that you will need to open an estate and/or trust account to handle receipts and expenses for the Estate or Trust.
4. Save receipts for funeral-related expenses and any other estate expenses.

In the following months:

1. Begin closing/retitling/transferring accounts, as needed. These can include credit card accounts, bank/brokerage accounts, automobiles, real property, utilities, and social media and/or email accounts.
2. For identity theft protection, you will want to notify the Secretary of State to cancel the decedent's driver's license and notify the major credit reporting agencies (Equifax, TransUnion, and Experian) of the death.
3. With the assistance of the CPA and attorney, complete any required tax filings for the decedent and identify future required filings. Potential filings may include:
 - a. A federal estate tax return
 - b. One or more state estate tax returns. These are determined by the decedent's residency and the location of the property.
 - c. A final individual income tax return for the decedent
 - d. Income tax returns for the estate and/or trust(s)
 - e. Other required filings/documents which will depend on the size and composition of the estate

At the end of the estate administration period, with the assistance of the decedent's advisors, you will:

1. Complete probate, if applicable.
2. Complete any required tax filings for the estate and/or trust.
3. Once there is confidence that all potential liabilities have been settled, you can complete the transfer of assets to the beneficiaries in accordance with the terms of the will and/or trust document.

While the above list seems quite daunting, note that your advisors will work as a team to assist you with every step. Depending on the size and complexity of the estate, it can take one year (or even more) to complete all these tasks. During this process, you may also note that your own estate plan may need simplifying or updating. The professionals at MichaelSilver are here to help you with both your immediate administrative needs and your plans for the future. Please contact us at 847-982-0333.

Meg Al-Qassas, CPA, Senior Manager, has served as a trusted advisor to MichaelSilver clients for over 20 years and is recognized as an expert in Estate, Gift, and Trust matters. Meg's consultative approach allows her to work closely with clients, their attorneys, and financial advisors during both the design and implementation of estate plans, including all associated tax filings. Meg provides innovative solutions to ensure clients achieve their living goals and after death plans.

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