

Being Named Executor of an Estate: What's Involved?

Acting as an executor or administrator of an estate can involve a great deal of work, depending on the estate involved. Many individuals agree to be named an executor for a spouse or relative, and then are left with a task that is much more complex and onerous than expected.

TIP: Use our list of typical executors' responsibilities (below) to make an informed decision as to whether to agree to be named executor.

NOTE: Executors are bound by law to observe a strict standard of care in fulfilling their duties, which can include, but are by no means limited to, those listed below.

Here is a list of the possible duties of an executor:

- Inform various persons of the death.
- Cancel the deceased person's credit cards and accounts.
- Have the will probated. Usually, this means having a lawyer petition the court to probate (approve) the will. Once the will has been probated, the executor has the power to administer the estate-i.e., to perform the rest of the duties in this list.
- "Marshal" the assets. This means finding all of the deceased person's assets, which may not be easy. (Imagine trying to find every asset you own right now-car registrations, stock certificates, account statements, deeds, pension benefits, mortgage papers, and IRA papers-would you be able to locate these easily?)

TIP: To ensure that your own assets will be more easily located after death, it's a good idea to prepare a Post-Mortem Letter. The Post-Mortem Letter, a document you can prepare yourself, tells executors and heirs where everything they need to carry out your post-death instructions is located.

- Be sure that each asset is valued. Assets need to be valued both for estate tax purposes, and to provide heirs with a tax basis. (Under the tax law, the tax basis of an asset in an heir's hands is generally its "date of death value.") Some assets, such as business interests, will require appraisal.
- File any tax returns. Depending on the size of the estate, tax returns that will need to be filed might include federal and state estate and death tax returns, the decedent's final income tax return, a final gift tax return, and an income tax return for the estate.
- Make an accounting of the estate's assets. (You'll need a professional for this.)
- Determine and pay the estate's debts.
- Sell some of the estate's assets (in certain circumstances).
- Manage the estate's assets (if substantial time elapses before the assets are distributed).
- Distribute the estate's assets in accordance with the deceased person's wishes.

To sum up, the complexity of the executor's job depends on the extent and complexity of the estate's assets. Think your decision over carefully before accepting a position as executor. If you have any more questions, call us at 419-866-6000.