

STEPS IN THE ADMINISTRATION OF AN ESTATE

While not applicable to all estates, here are some of the steps that must be taken, not necessarily, but very roughly in chronological order.

1. Determine if the decedent has made a gift of his body for medical research or a gift of certain organs, or if there are any burial instructions; arrange to complete any such gifts and carry out any such instructions.
2. Arrange for security of any assets which may be at risk (e.g. jewelry in the decedent's apartment).
3. Order death certificates from the appropriate government agency.
4. Notify the postmaster of death and who is to receive the decedent's mail, unless there will still be someone at home (e.g. a surviving spouse) to receive the mail.
5. Prepare a list of assets (showing how title is held and approximate values) in order to determine if probate is required and if an abbreviated form of probate is available and feasible.
6. Make copies of (without taking apart) and file any will with the appropriate court; prepare, have signed and file the forms to open an estate (e.g., a petition, oath of representative, bond, appearances and orders determining heirship and appointing representative); investigate and determine how to prove heirship; make any required court appearance, give any required notices and arrange for any required publication (e.g., for claims); order letters of office from the court showing the appointment of the representative (not too many at one time, because they become outdated in 60 days). If there must be a delay in opening the estate, consider emergency measures, such as the appointment of an administrator to collect.
7. Examine and list the contents of any safe deposit box.
8. Apply for an employer identification number for the estate with the Internal Revenue Service (using Form SS-4); file notice of fiduciary relationship (IRS Form 56) and a request for a prompt (within 18 months) audit of the decedent's income tax returns for open years.

9. Cancel the decedent's credit cards (unless that will cause a credit problem for the surviving spouse); arrange to cancel any lease on the apartment (if the decedent lived alone).
10. Determine whether a probate estate should be opened in any other states; if so, contact a qualified attorney in each such other state.
11. Open a bank account or accounts for the representative; deposit any checks on hand; collect decedent's bank accounts; pay routine bills; consider a bank custodian account for a portfolio of stocks, bonds and other securities and whether to transfer securities into the name of the representative (may be unnecessary extra step, but may facilitate quick sales).
12. Collect life insurance proceeds (requesting IRS Form 712 from the insurance companies), I.R.A., pension and other employee death benefits; transfer joint tenancy, trust and other non-probate property; file Social Security, Medicare and health insurance claims.
13. Discover and investigate assets; make a detailed itemized inventory of all estate assets; value publicly traded securities as of date of death; arrange for date of death appraisals of tangible personal property, real estate and closely held businesses; investigate gifts made by the decedent, gift tax returns filed, any inheritance by the decedent within 10 years of death and other facts which would bear on the computation of the federal estate tax.
14. Determine cash requirements for debts, death taxes, funeral and administration expenses and cash bequests; consider sales of estate assets to raise money for cash needs or to protect the estate or facilitate eventual distribution; consider investment policy and changes; arrange for the management and operation of any closely held business; maintain or arrange for the maintenance of proper accounting records, with segregation of income and principal receipts and disbursements (if such segregation is warranted) and arrange for the preservation of receipts and cancelled checks for all disbursements.
15. Handle any contested matters such as disputed claims filed against the estate, will contests and citation proceedings against third parties to discover or recover assets; close any guardianship or incompetency estate that may have been opened for the decedent; advise the surviving spouse concerning possible renunciation of the

will (in order to obtain a share of the estate in excess of the will provisions for the surviving spouse); consider applying for a surviving spouse's or dependent child's award for support during the period of probate (considering income and estate tax consequences thereof); prepare and file any court required inventory of assets.

16. Consider the myriad of tax elections, such as the selection of an income tax year for the estate, whether to elect alternate values for estate tax purposes (requiring the revaluation of assets owned both on date of death and 6 months later), whether to deduct administration and certain medical expenses on the estate tax return on income tax returns, the QTIP election, any applicable partnership (I.R.C. 754) or Subchapter S corporation elections, disclaimers, possible special use valuation for farms and certain closely held businesses, any available options to defer payment of estate taxes under I.R.C. 6161, 302 or 303, ESOP elections, etc.
17. Prepare and file tax returns, including the federal estate tax return (due nine months after date of death), state and foreign death tax returns, the decedent's final Form 1040 federal and state income tax returns (due the April 15th following the end of the year in which the decedent died), the estate's first annual Form 1041 federal and state income tax returns and any employment or business tax returns for the decedent; prepare any related tax forms, such as requests for prompt audit, power of attorney and application for redemption of certain U.S. bonds at par to pay federal estate tax (Form PD 1782).
18. Pay specific bequests (especially of personal effects, which should be distributed as quickly as possible, unless there is a problem such as valuation for estate tax purposes) and consider partial residuary distributions; prepare receipts for any such distributions.
19. File Form 1041 fiduciary income tax returns for each year of the estate and estimated fiduciary income tax returns for the third and succeeding years.
20. Prepare and file any required annual court accounting.
21. Prepare for and handle negotiation of any federal estate tax audit and any state death tax audit.
22. The final steps in the administration of an estate involve preparing and filing a final account or report with the court, preparing a plan of distribution, accounting to the beneficiaries and completing distributions by

transferring the balance of the estate assets to the beneficiaries (giving attention to the timing of distributions and the income tax consequences thereof).

This is merely a general outline of the principal steps to be taken in the course of administration of most estates. Each estate, however, is different, and an estate may not require all of these steps or may require other actions to be taken. We will continue to keep you closely advised throughout the administration of the estate, and want you to feel free to call on us at any time to answer any questions which you may have or to assist you in any way.

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