



ATLANTIC TRUST
PRIVATE WEALTH MANAGEMENT

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**Mitigating Risks in Estate Settlement and
Administration**

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Mitigating Risks in Estate Settlement and Administration

- Introduction
- Estate Settlement - What is it?
- 10 step approach to Estate Settlement and Administration *
- What are the risks?
- Risks Mitigation Summary
- Q&A

** This presentation reflects views of the speaker, which are based on available resources and should not be construed as advice. This presentation is intended to be informational only. Seek advice from a qualified attorney.*

Estate Settlement and Administration – What is it?

- What is Estate Settlement and Administration?
 - A series of activities, approvals and reporting leading up to the proper distribution of the assets of a decedent's estate to his or her heirs
- Are special skills required?
 - Yes
- Is the process always the same?
 - No
- How long will it take?
 - It depends

10 Steps to Estate Settlement and Administration

Note: This graphic is a generalization of the estate settlement process for illustrative purposes only. The process may vary from estate to estate, and this graphic (and subsequent slides) should not be relied upon as estate settlement advice.

1	2	3	4	5	6	7	8	9	10
Take care of the person, home and contents	Who's Who? Read the Will & Legal Docs	Time to call a lawyer, accountant and others	What are the rules? Start the probate process	Locate, value and retitle assets	Identify debts and expenses	Manage the assets & is it time for an Estate Sale?	Pay the bills, file and pay the taxes	Finish the probate process	Distribution time!

Communicate and Plan

What are the risks?

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Fail to consider wishes	Failure to identify key parties; conflicts	Lawyer or accountant don't have right skills	Local laws vary	Missing assets and improper valuations	Estate valuation overstatement	Unsuitable investments; lack of diversification	Unapproved compensation; conflicts	Poor records	Unhappy beneficiaries leave firm – G2G
Intrusion, pile of mail, broken window draws attention	Failure to acknowledge distribution requirements	Benefits and elections may go unnoticed	Can't proceed without authority	Failure to retitle assets properly	Failure to get approval	Failed to obtain approval; undervalued asset	Income tax penalties; missed refunds	Lingering estate administration; costs	Lingering estate administration; costs; legal disputes
Failure to inventory assets; theft	Didn't identify all spouses	Credit card fraud	Poor record-keeping	Employee benefits	Penalties for failure to pay	Fire sale due to poor planning	Estate tax penalties; missed exclusions	Exposure for payments made	Exposure for failing to distribute
Break-in, assets in the home disappear	Leases expire, rents go uncollected, payments not made (see step 7)	Social Security benefits not addressed; checks stolen	Actions could be challenged	Failure to distribute proper amounts or assets	Insufficient funds remaining for remaining bills	Poor records; legal disputes	Lingering estate from failure to obtain discharge	Insufficient funds in escrow	Exposure for failure to properly dispose of estate
Family member uses the car	Overlooked assets, incorrect disposition	Necessary payments are not made; services terminated	Tax penalties and fines for failures	Income in respect of a decedent (IRD)	Pledges could be overlooked	Insufficient cash	Unexpected creditors, inability to pay	Claims from creditors, penalties and fines	Distributions to improper recipients

Risk Mitigation Strategy

- Have a plan, review the plan and follow the plan
- Know your duties under local law
- Engage qualified professionals and seek guidance
- Set expectations
- Secure and properly supervise assets and liabilities
- Be vigilant with documentation
- Proper and regular oversight and governance – periodic reviews and meetings
- Investment management, suitability concerns
- Locate and pay bills, honor filing requirements and keep good records
- Communicate, communicate, communicate

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1) Take care of the person, home and contents

Confirm role; confirm care and location (children, pets, etc.)

Burial / funeral arrangements

Request several certified copies of death certificates from funeral provider

Forward mail

Locate keys for home, car(s), safe deposit box, secure or take possession of contents, identification, credit cards, etc.

Change the locks, secure the perimeter

Inventory and take custody of valuable personal property

Continue necessary payments (rent, mortgage, utilities, etc.)

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2) Who's Who? Read the Will & Legal Docs

Locate and read estate planning documents (Will, Codicils, Trusts); determine if current; identify where financial support is provided

What is your role? Create a roster of team members and contact information; schedule meetings; seek guidance from experts

Determine proper jurisdiction

Premarital agreements and Divorce property settlements

Child support orders and other legal proceedings

Contracts, leases, business and partnership / LLC agreements

Deeds, titles and account statements – determine ownership of all assets

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3) Time to call a lawyer, accountant and others

Qualified Estate Attorney

Retain qualified Accountant

Social Security Administration

Insurance carriers

Employer(s)

Credit card carriers and credit bureau

Cancel/update/continue subscriptions, memberships, utilities as appropriate, etc.

Family, interested party meetings – set expectations

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4) What are the rules? Start the probate process

Petition Court to open a probate proceeding and issue Letters Testamentary for appointment of executor or administrator – learn the local rules

File necessary forms to obtain tax identification number for estate

Notify IRS of appointment and to identify estate attorney

Open an estate account; reconcile often and keep good records reflecting details of each transaction

Bonds, oaths and appointments

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5) Locate, value and retitle assets

Prepare a preliminary inventory of assets

Obtain valuations for all assets for income and estate tax purposes

Close cash accounts and transfer proceeds to estate account – keep ~~good~~ great records!

Locate “pay on death” assets for payment to estate (life insurance, retirement accounts, benefits, etc.)

Collect unpaid wages and unpaid / sponsored benefits

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6) Identify debts and expenses

Identify all debts and expenses of decedent

Pay all debts, expenses and claims after receiving direction from estate attorney (priority may exist)

If insufficient assets, seek court approval before paying debts and expenses

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7) Manage the assets & is it time for an Estate sale?

Professional investment advice to ensure estate assets are managed prudently; suitability review; unique asset administration and sale

Asset management plan (with attorney and accountant) to liquidate, retain, claim and/or transfer estate assets in the most tax efficient manner

Determine cash requirements and reserve appropriately

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8) Pay the bills, file and pay the taxes

Decide if you will receive compensation; review with attorney as to an appropriate amount

File necessary income and estate taxes and pay taxes within 9 months of death; request certificate of discharge from taxing authorities; consider Income in Respect of a Decedent (IRD)

Consult with attorney regarding expiration of period for claim from creditors

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9) Finish the probate process

Provide copies of estate administration records, including checkbook, copies of bills and invoices and asset records to estate attorney

Prepare an accounting of all receipts and disbursements

Determine amount to be held in escrow for final bills; deposit into proper account

Seek guidance for foreign assets

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10) Distribution time!

Prepare proposal for distribution; obtain approval

Distribute assets; obtain receipts

Close estate account; file estate closing documents to the probate court

Cancel remaining insurance, pay final bills and distribute remaining escrow funds

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Q&A

Thank you!

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