

ESTATE SETTLEMENT

This checklist serves as a guideline for steps to take in settling the estate of a deceased loved one. Please be sure to seek the counsel of estate planning professionals to ensure all necessary actions have been appropriately addressed in this process.

- Meet with your estate planning attorney and any other parties as appropriate to review key steps and instructions.
 - o Prior to your first meeting with the attorney, locate all of the decedent's estate planning documents and other important papers:
 - Personal information document(s)
 - Wishes document
 - Last will and testament
 - Trust document(s)
 - Bank and brokerage statements
 - Titles and deeds (including car, boat, etc.)
 - Appraisals
 - Life and other insurance policies
 - Stock and bond certificates
 - Prior three years of decedent's income tax returns
 - All prior gift tax returns
 - Information about the decedent's assets
 - Corporate records
 - Information about the decedent's debts (including utility bills, credit card bills, mortgages, personal loans, medical bills and the funeral bill)
 - o List what the decedent owned and owed, and how each asset is titled. For an asset or a debt supported by a statement, list the value of the asset or debt as listed on the statement and the statement date.

Key wealth planning considerations for estate settlement.

- Send notifications of death to:
 - o **Employers** — to make them aware of the death and determine if any death benefits are available
 - o **Fraternal, social, civic and religious organizations** — to make them aware of the death so they can make the roster change and notify members
 - o **Telephone, utility, newspaper and any other services** that are registered in the decedent's name — to change the customer name or to terminate
- Meet with estate attorney/accountant/tax preparer to provide information needed to file the income and estate tax returns for the decedent and the decedent's estate and to pay the taxes. See below for the tax responsibilities of the executor.
- Claim death benefits:
 - o Civil service — federal, state, county, local
 - o Credit unions
 - o Fraternal organizations
 - o Social security benefits
 - Survivor benefits – *A surviving spouse will need to determine if he or she wishes to collect the decedent's Social Security benefits or his or her own benefits.*
 - Lump-sum death payment – *A one-time payment is paid in addition to the monthly cash benefits described above if the decedent has sufficient work credits. The lump-sum death payment is paid in the following priority order:*
 - A surviving spouse who lived in the same household as the decedent at the time of death.
 - A surviving spouse eligible for Social Security benefits on the decedent's earnings record for the month of death.
 - Children eligible for benefits for the month of death when there is no surviving spouse.
 - o Other eligible survivors who may have similar decisions about benefits include:
 - A widow or widower age 60 or older (50 if disabled), or at any age if caring for an entitled child who is under 16 or disabled.
 - A divorced widow or widower age 60 or older (50 if disabled) if the marriage lasted ten years, or if caring for an entitled child who is under 16 or disabled.
 - Unmarried children under age 18 and age 19 if they are attending a primary or secondary school full time; under certain circumstances, benefits can be paid to stepchildren, grandchildren or adopted children.

- Children who were disabled before age 22, as long as they remained disabled.
 - Dependent parent or parents age 62 or older.
- Meet with an estate attorney to review and determine if any portion of the estate requires probate, which is generally determined by the value of assets owned in the decedent's individual name at death. Verify that the estate attorney has received enough information to draft the court documents required to open the probate estate, or other estate documents as needed.
- Establish date of death values for all of the decedent's assets.
- o All financial institutions where the decedent's assets are located must be contacted to obtain the date of death values.
 - o Certain assets including real estate, personal effects such as jewelry, art work and collectibles, and closely held businesses will need to be appraised by a professional appraiser.
- Working with the estate attorney, collect assets into an account titled in the estate. Using that account, pay the decedent's final bills and ongoing expenses of administering the estate.
- o Figure out what bills the decedent owed at the time of death, determine if the bills are legitimate, and—**after** discussion with the estate attorney regarding any applicable issues pertaining to the priority of the creditors' claims—pay the bills. Keep receipt/payment records.
 - o Also responsible for paying ongoing expenses of administering the estate, including legal fees, accounting fees, utilities, insurance premiums, and mortgage payments. Discuss specifics with the estate attorney before any payments are made.
- Pay any income and estate taxes due for the decedent and the decedent's estate. Talk with your estate attorney/accountant to determine which returns are required.
- After the expiration of the creditor claims period, the filing of all appropriate tax returns and payment of the taxes, and the review of the estate documents (the decedent's Will and trust) as to the beneficiaries of the assets, retitle assets into the name of the beneficiaries, based on discussions with the estate attorney and/or accountant.
- o Brokerage and investment accounts
 - o Bank accounts
 - o Real estate
 - o Car titles
 - o Homeowner's and property insurance
 - o Credit cards
 - o Club memberships

IMPORTANT TAX RESPONSIBILITIES OF THE EXECUTOR

1. File federal income tax returns for the decedent (Form 1040 series)¹ for the year of death and for any preceding years for which a return was not filed – **generally due April 15 of the following year** (same as if decedent had not died).
2. Obtain a tax ID number for the estate.
3. File federal income tax returns for the decedent's estate (Form 1041)¹ on the income generated by assets of the decedent's estate beginning on the date of death for the year of death and annually thereafter – **generally due by April 15 of the following year** for calendar year estates.
4. File federal estate tax return for the decedent's estate (Form 706)¹ – **due 9 months after the date of death** (available 6 month extension). Extension for filing does not mean extension for payment. Will need to pay estimated federal estate taxes due on original filing date or be subject to interest and penalties.
5. (New, applicable to certain estates) File Form 8971 with the IRS and send Schedule A to each beneficiary – **30 days after filing date for Form 706** (or 30 days after filing whichever is sooner).

¹In addition to federal returns, state returns may also be required. Check with your advisors regarding the state returns and deadlines that apply in your circumstances

Consult your estate planning attorney to determine which tax responsibilities and deadlines apply to your circumstances.

FOR MORE INFORMATION

Wealth Planning Advisory Services at Northern Trust includes financial planning, family education and governance, philanthropic advisory services, business owner consulting, tax strategy and wealth transfer services. If you would like to learn more about these services or discuss the considerations of estate settlement specific to your unique situation, please contact a Northern Trust professional at a location near you or visit us at northerntrust.com.

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