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The Executor's Job: A Guide for Your Executor

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1. FUNERAL AND PROBATING THE WILL

Upon your death, your family and/or friends will have the duty of making or carrying out your funeral arrangements. Your executor has the job of locating your Will and contacting an attorney. Both duties will be made easier if your attorney is notified in advance of the location of your assets, any burial plans, cemetery deed and your Will. The Planner found on this Web Site will significantly help your executor in beginning and carrying out all the duties of an executor. If the Will or cemetery deed are located in a safety deposit box, the executor and a Bank officer may enter the box to remove these necessary documents prior to your Will being filed with the Court.

Your executor should take the Will, a death certificate and a list of assets to the attorney. The attorney will arrange a convenient time to meet your executor in the county seat where you live to probate (file) the Will. This should be completed within a week or two of your death. The County Register of Wills will issue Letters Testamentary which authorizes the executor to represent your estate.

The cost of Probate in Pennsylvania is not significant and is based on the size of your estate.

2. COLLECTING AND VALUING ASSETS

The attorney will see that appropriate notice of the estate is advertised.

Your executor will deliver to the attorney all documents related to any savings accounts, certificates, stocks, bonds, deeds and titles. The attorney will write for date of death values on all securities and savings accounts. Other assets such as real estate, vehicles and household items will be separately appraised by appraisers agreed to by your executor and attorney. Names of individuals you relied on during your lifetime and listed in the Planner on this Web Site will be helpful.

Liquid assets such as checking and savings accounts will often be immediately placed in an estate checking account and/or savings account to be used for prompt payment of estate debts.

3. PAYING DEBTS

Your estate debts are comprised of whatever bills are due from you at your death, including all bills related to your final illness and burial. The executor should obtain all utility bills and statements from all creditors as to the balance on any bill due at your death. In compiling bills related to your death, the executor should be careful to include charges for long distance calls to notify distant relatives and friends. Also included are bills for flowers and a funeral luncheon or your particular mourning tradition. Copies of all such bills are presented to the attorney who will use them as deductions on the estate's Pennsylvania Inheritance Tax return and the Federal Estate Tax return. Your estate may deduct a maximum \$3,500.00 family exemption when an immediate family member shares the same home with you at your death. An executor's commission and the attorney's fees are also deductible.

Estate checking and savings accounts are usually maintained by the attorney's office.

4. FILING INVENTORY

Nine months after your death, an inventory of all assets valued as of the date of your death is to be filed with the Register of Wills. The Inventory is prepared by the attorney and signed by your executor.

5. NOTICE TO HEIRS AND PAYMENT OF SPECIAL BEQUESTS

Soon after the Will is probated (filed with the County), the attorney must send a notice to all estate beneficiaries informing them that they are beneficiaries under your Will. Normally a copy of the Will is included.

Gifts from your estate will be either specific bequests (named property or an amount of money) or a general bequest (a percentage of your estate). The general bequests are distributed at the conclusion of the estate. Specific bequests may be distributed once your executor and attorney are able to determine that sufficient assets exist in your estate to pay all bills and death taxes.

6. PAYING DEATH TAXES

The Pennsylvania Inheritance Tax return and Federal Estate return, if one is due, are filed nine months after your death.

If your estate has sufficient cash assets, an estimate of inheritance taxes can be made. A five percent discount of the Pennsylvania Inheritance Tax will be given for any payment on account within ninety days of your death.

Pennsylvania Inheritance Tax rates were modified for all persons dying on or after July 1, 2000. Beneficiaries are required to pay at the following tax rates on the adjusted gross estate:

- 4½% - most lineal descendants (grandparents, parents, children & grandchildren) 0% - surviving husband or wife 0% - surviving parent or stepparent of child dying at age 21 or less
- 12% - surviving brother or sister 0% - qualified charities 15% - all other persons receiving from an estate

The need to file a Federal Estate Tax Return should be determined by conducting review of the then-current Federal Tax Code. The Tax Code is currently being revised on a frequent basis. Further, in some instances, a Federal Estate Tax Return should be filed even if no tax is due. You should consult the attorney and accountant regarding the need to file a Federal Estate Tax Return.

The returns are prepared by the attorney's office and are signed by your executor.

7. EXECUTOR'S ACCOUNTING

After all bills and taxes are paid and specific gifts have been distributed, and tax returns are approved, an Accounting is prepared. This Accounting includes a statement of all assets that originally came into the estate (the inventory) plus a statement of all income received through investment of estate assets. An itemized statement is made of all payments from the estate account. Any gain or loss from assets sold from the Inventory must be reported. Gifts already distributed are reported.

A proposed Schedule of Distribution of the balance of the estate is also prepared with the Accounting.

8. CONCLUDING THE ESTATE

Your executor must decide with the attorney as to the best way to conclude your estate. If the group of people to receive the balance of your estate is small and there appear to be no areas of disagreement among the beneficiaries, then the Accounting and Schedule of Distribution may be sent to each of the beneficiaries, along with a Receipt, Release and Order to Satisfy Award and an Indemnification Agreement for their signature. This method of settling the estate releases your executor from further claim and liability and saves your estate the expense of a formal filing with the Court.

If there are outstanding legal issues, or a trust is continuing beyond the settling of the estate, then a formal audit is required by the Orphans' Court. The attorney prepares all the papers for the Accounting and the executor signs them. The executor need not be present for the audit of the Accounting.

Distribution of your general bequests is made after the signatures of all beneficiaries are received or, in the case of a formal audit, after final Order of the Court.

Usually, a reserve of funds is held in the estate checking account for the purpose of filing a final Federal and State Fiduciary Income Tax Return. The estate must also provide residual beneficiaries with K-1 Statements for any income attributed to each beneficiary's portion of the estate. A final Status Report must also be filed with the Court.

9. COMMON TERMS USED IN ESTATES

A basic knowledge of estate language helps in Will preparation and estate administration.

ADMINISTRATOR (male) or **ADMINISTRATRIX** (female): The person appointed by the court to administer the estate should not have a Will.

BEQUEST: A gift made in a Will.

EXECUTOR (male) or **EXECUTRIX** (female): The person appointed by you in your Will to administer your estate. This can be an individual or several people, or may also be a corporation such as a bank.

FIDUCIARY: An individual or corporation in a position of trust and confidence who is given the duty to manage the assets of another person. Examples are your executor and your trustee.

GUARDIAN OF THE PERSON: The person(s) appointed to take care of the physical needs of a child who is under the age of 18 years or who is found by the Court to be unable to care for him/herself.

REST, RESIDUE AND REMAINDER: The assets of your estate that remain for distribution to your named beneficiaries after payment of all administration expenses, bills, taxes and distribution of any specific bequests.

TRUSTEE: The individuals(s) or corporation named by you to care for gifts to beneficiaries who are less than 18 years old or to an adult beneficiary to whom a gift is delayed or restricted by your Will.