

What's Involved in Being an Estate Executor?

If you're asked to serve as the executor of an estate, think carefully about the decision before accepting the position. Acting as an executor or administrator of an estate can involve a great deal of work, depending on assets and the complexity of the estate.

For example, an estate with a large investment portfolio, property in more than one state, or a major stake in a business means far more responsibility than a modest estate.

Many people agree to be named as an executor for a relative or friend -- and then find they're left with a task that's more difficult and overwhelming than they expected. What's more, executors are bound by law to observe a strict standard of care in fulfilling their duties. Depending on state law, you can be held legally liable for negligent handling of the estate.

Use the list of typical executors' responsibilities below to make an informed decision about whether to agree to be named executor. Here are some possible duties that an executor must fulfill:

Inform various people of the death. This includes family members, employers, business partners, the attorney and accountant.

Cancel accounts. This includes the deceased person's credit cards, utilities, banks and other creditors.

Have the will probated. Usually, this means having a lawyer petition the court to probate (or approve) the will. Once the will has been probated, the executor has the power to administer the estate -- in other words, to perform the rest of the duties on this list.

"Marshal" the assets. This means finding all of the deceased person's assets, which may not be easy. (Imagine trying to quickly locate every asset you own right now, such as car registrations, stock certificates, account statements, deeds, pension benefits, mortgage papers and IRA papers. Now imagine trying to do this for someone else.)

Be sure 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 the "date of death value.") Some assets, such as business interests, require an appraisal.

File any tax returns. Depending on the size of the estate, tax returns that 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.

Q. Who Can Be an Executor?

A. It depends on state law, but you generally must be over the age of 18 or 21. In most states, to be an executor a person cannot have been convicted of a felony or be considered "unsuitable" by the court.

Advice: To ensure that your own assets will be more easily located after death, it's a good idea to prepare a post-mortem letter. This is a document you can prepare yourself to tell executors and heirs *where* everything is located to help carry out your instructions.

Make an accounting of the assets. You'll need a professional for this. In some cases, you may need to sell some of the assets.

Handle the debts. After determining what the estate owes, an executor pays the debts out of an estate bank account.

Distribute the estate's assets in accordance with the deceased person's wishes. If substantial time elapses before the assets are distributed, you have to manage the assets.

These are just some of the duties an executor may have to perform. Although it is an honor to be asked by a friend or relative to serve as an estate executor, don't hesitate to decline if you aren't sure you can handle the task. Perhaps as an alternative, you could serve as a co-executor with a financial professional or institution that has the expertise needed to handle some of the responsibilities.

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