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Memorial Day

“Tip of the Month”

Trust Administration

A revocable Trust is a popular estate planning vehicle these days and is usually established by a Grantor Trustee. When the Grantor Trustee dies, resigns or otherwise is no longer the Trustee, then the Successor Trustee assumes the role of Trustee. Here are some tips for all you Successor Trustees when it comes time to administer the trust.

1. **Read the Trust document and the Will and decide whether to serve as Trustee.** Be familiar with what the trust says about administration of the assets, who the beneficiaries are, what distributions are to be made, whether you must be bonded, whether you can receive a fee, which state law applies, and many other issues.
2. **Collect and inventory all assets to determine which assets are in the trust estate.** Generally, the Grantor should have put all assets into the trust before the Grantor died, but might have missed something. If there are assets outside of the trust, it may be necessary to probate those assets with a Pour-over Will to put them into the Trust.
3. **File death benefit claims on life insurance, annuities and other non-probate contract transfers.**
4. **Prepare a Certification of Trust.** Obtain certified copies of death certificates, which can be used with a Certification of Trust which identifies (1) the new trustee, (2) the tax identification number for the trust, (3) whether there were any amendments or restatements to the trust, and (4) that the trust is in full force and effect.
5. **Give proper notice to the beneficiaries.** A successor trustee is generally required to follow the Trust Code and notify all "qualified beneficiaries" that the Grantor has died and that trust administration is under way.
6. **Appraise the assets and provide an Inventory Report to the beneficiaries.** Sometimes it is necessary to obtain professional appraisals for special assets like collections or antiques. Appraisals are sometimes needed for tax returns.
7. **Convey real estate.** If the Trust owns real estate, you may need to record a fiduciary deed to transfer the real estate to beneficiaries or to sell the real estate.
8. **Keep thorough records of costs and expenses of administration.** This includes tracking your time working as trustee, for which you can usually be paid.
9. **Notify governmental agencies.** Government agencies needing notice of the death of the Grantor include Social Security Administration, Veterans Affairs, Medicare/Medicaid, and state and federal taxing authorities.
10. **File all appropriate tax returns.** An accountant can help prepare and file all required income tax returns.
11. **Creditor claims must be addressed.** A trust cannot be used to defraud creditors or hide assets. If there are legitimate creditor claims, you should follow the trust provisions or trust code concerning payment of claims.
12. **Prepare a Final Accounting of all assets and expenses.** Send it to the beneficiaries together with Receipts reflecting their distributive share amounts.
13. **Obtain a Receipt from each beneficiary for each proposed distribution.**
14. **Distribute trust assets according to the distribution provisions of the trust and close the estate.**

If you have questions about trust administration, trusts or about estate planning, please do not hesitate to give us a call at 603-668-1971, or contact us by e-mail at mailbox@biz-patlaw.com to schedule an appointment.

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