

RETIREMENT REPORT

Your Guide to a Richer Retirement

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ESTATE PLANNING

Up to the Task of Executor?

A FRIEND OR a relative has asked you to serve as executor. You don't think much about it. Perhaps you even feel flattered to be asked. After all, how difficult could it be?

Plenty difficult. You are likely to log long hours in a tedious process that can take months. You could also find yourself immersed in a family feud, or sorting out complex financial issues if the estate is large or a business is involved. "Being an executor is no honor," says Stephen Silverberg, an estate-planning lawyer with Certilman Balin Adler & Hyman, in East Meadow, N.Y. "The bottom line is, it's a job."

Of course, you may not discover that you've been named until after the owner dies. If that's the case, you can still decline. But if you've been asked ahead of time, you can get some idea of what the job will entail. And if you decide to go for it, you can lay the groundwork before the owner dies.

▪ **Understand the basics.** An executor's job starts with paying the funeral bills and ends when assets are distributed. The process, which varies by state, usually takes six to nine months, but it could last years.

An executor pays bills, files tax returns, oversees investments and manages property maintenance. "An estate has to be run similar to an individual checkbook," says Kathleen Kuehl, a principal at Lowry Hill, a wealth-management firm, in Minneapolis.

▪ **Locate the documents.** Meet with the estate owner and make sure there's an updated will. Ask where all the important documents are located. Being able to quickly put your hands on deeds, brokerage statements and insurance policies after the owner's death will save a lot of time. "It's not unusual to have to go on a treasure hunt to find assets or documents," says Donna Bashaw, a lawyer with the Elder Law Center, in Laguna Hills, Cal.

▪ **Line up help.** Lawyers and accountants usually guide executors through the process, with the estate picking up the cost. Ask the owner for the names and contact information of all advisers. Once the estate owner dies, you can keep the



decedent's advisers or hire new ones. Whoever you choose, make sure the advisers have experience dealing with estates.

▪ **Head off family feuds.** There's nothing like a parent's death to unleash conflicts. Things can get especially messy if siblings don't get along or when multiple marriages come into play. You may even become a target as you oversee everything from selling the family vacation home to investing the portfolio. "You have to have a thick skin if family dynamics are a problem," says Ray Padron, chief operating officer of Brightworth, a wealth-management firm, in Norcross, Ga.

The process will run more smoothly if heirs know in advance who's getting what, and why. So advise the owner to tell beneficiaries what they can expect. This goes for personal items, too, because wills often leave it up to the executor to dole out heirlooms. If there's no distribution plan for personal property, suggest that one is drawn up and put in writing.

▪ **Gauge the complexity.** An estate can become a nightmare if a business is involved or if there's property in more than one state. Get a sense of the estate's size, the number of heirs and other difficult issues.

Consider a case involving a large estate of a woman who lived in both New York and Florida. A New York lawyer, who drafted the will, appointed four co-executors. But Florida prohibits nonresidents who aren't blood relatives from serving as executors, and two of the four fit that bill. The case has been in litigation for two years, says Howard Krooks, a partner with Elder Law Associates, in Boca Raton, Fla., who represents five of the estate's beneficiaries.

Because you're personally liable if something goes wrong, protect yourself by keeping records on every decision you make. Save receipts and track expenses.

▪ **Fee or no fee.** Executors are usually entitled to a fee paid by the estate. States often specify the fee, usually a percentage of the estate's assets, or the will may offer a guideline. "The fee should reflect the amount of work that's needed," says David Handler, a partner at Kirkland & Ellis, in Chicago. If you're also a beneficiary, consider the tax consequences of taking a fee. An executor would pay ordinary income tax on a fee, while an inheritance would be tax-free. **K**