

Estate Settlement Overview



This overview lists actions you may need to take in the event of a death, as a trustee or executor of an estate. In addition, we have included some general educational/helpful information that hopefully will help make estate settlement easier. It's intended as an educational guide that can be used alongside our "Leave a Map" financial organizer.

It is not legal and/or tax advice or a substitute for an attorney or tax advisor - Consult your tax advisor and attorney before taking any steps listed below.

Whom to Notify of a Death

- ☐ **Individuals** – Notify friends, family, professional advisors, and employers.
 - ☐ **Financial Institutions** – Notify banks, brokerages, etc., where accounts were held at the time of death. You may need to remove the deceased person's name from joint or trust bank accounts, credit card accounts, etc., so that no one can assume John Doe's identity and withdraw funds from an account, use a credit card, etc.
 - ☐ **Employer** – Ask about last paycheck, unused vacation time, life insurance, exercising stock options, etc.
 - ☐ **Auto and Property Insurers** – Be sure that adequate coverage is being provided to the estate/trust and to you as fiduciary for the estate/trust, and for any autos or other property owned by the estate/trust. This may need to be done immediately to avoid having the insurance cancelled. Avoid driving cars owned by the estate/trust in order to avoid liability risks to the estate's/trust's assets, as well as to you and your assets, which could arise from a car accident.
 - ☐ **Utility Companies** – You may need to move these accounts into your name as trustee, and keep the electricity, etc., turned on so that you can show the house for sale/rent. If you're a surviving spouse, have the accounts moved to your name.
 - ☐ **Service Providers** – Cancel credit cards, subscriptions, etc., as necessary, and notify the companies of the death to avoid identity theft.
 - ☐ **Mortgage Company** – Surviving spouses may need to have home loans put in your Social Security number so that you get the income-tax deduction for interest paid on the mortgage.
 - ☐ **Social Security Administration (SSA)** – Call 800-772-1213 to report the death; and keep notes of the date, the name of the person you talked to, and any government ID# the deceased might have. Note that you reported the death to that person at the SSA. The payment for the month of death (and any months after that) must be returned to Social Security (Stratos Private Wealth can help you understand the rules for this). Also, be sure to discuss with Social Security, and collect from them, any death/survivor benefit(s) to which you're entitled.
 - ☐ **Credit Reporting Agencies** – Write to Experian, Equifax, and Trans Union (addresses below). Provide a death certificate, the deceased's full name, address, Social Security number, and date of death, as well as your name, contact information, and relationship to the deceased. Mail the letter by certified mail/return receipt requested. Ask for the deceased's most current credit report, that a notice such as "Deceased – Do Not Issue Credit" be included in the public record, and that they notify you immediately of any suspicious activity under the deceased's name or Social Security number. Pull his or her credit report a few weeks after mailing the information to the credit bureaus, and again several months later, to check for suspicious activity.
 - ☐ **DMV** – Cancel the deceased person's driver's license or state ID with the DMV to avoid having duplicates issued to criminals. (address below)
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General Steps

☒ ☐ (Use first column for “complete” or second column for “N/A” (not applicable))

☐ ☐ **Secure All Physical Assets** – (e.g., change locks as necessary, etc.).

☐ ☐ **Forward Mail** – Have mail forwarded to you as the estate’s representative.

☐ ☐ **Pay Bills** – Mortgage, insurance, etc.

☐ ☐ **Safe Deposit** – Inventory safe deposit box contents.

☐ ☐ **Get Organized** – Set up a filing system for the estate/trust, and keep a written accounting of all income and expenses.

☐ ☐ **Consult Advisors** – Work with Stratos Private Wealth (SPW) and a CPA on the best course of action for retirement accounts to achieve the most preferential tax treatment as well as return on investment – know that the IRS may require minimum distributions from certain accounts.

☐ ☐ **Beneficiaries** – Designate beneficiaries of your share of retirement accounts to inherit any remaining benefits after your death.

☐ ☐ **Employer Stock** – Work with Stratos Private Wealth and a CPA to determine the best course of action for stock options, employee stock purchase programs, etc. (e.g., for timing of exercise of options, purchase/sale of stock, etc.), and be sure you know about any applicable expiration dates so that you don’t accidentally allow a valuable asset like a stock option to expire.

☐ ☐ **Life Insurance** – Collect the death benefit from any life insurance policies. You may need to order Form 712 from the life insurance company for any life insurance the deceased owned on someone else’s life, or that is owned by a surviving spouse.

☐ ☐ **Tax Filing** – Work with a CPA to file tax forms (previous years’ 1040s that weren’t completed, the final 1040, 1041s for the trust/estate, any needed gift/estate tax returns, Form 56, release of Form 56, etc.). *Note: Form 56 lets the IRS/Franchise Tax Board know to whom to send any notices about the deceased’s taxes.

☐ ☐ **Estate Taxes** – If the estate’s will exceeds the estate tax–exemption amount, work with a CPA to have a Form 706 (Federal Estate Tax Return) filed, and make sure that in the filing you elect the “portability of unused federal estate tax exemption.” The portability election is very important because it can allow you to increase your exemption from the federal estate tax by millions of dollars, but in order to get this benefit, the return must be filed within nine months of the death – know that some states impose estate taxes.

☐ ☐ **Transfer Ownership** – Work with your attorney to move assets out of the deceased’s name. It is critical for tax and other reasons that these transfers be done correctly, so be sure to consult your attorney before transferring ownership of any assets.

☐ ☐ **Update YOUR Plan** – If the deceased was a beneficiary of your retirement accounts, life insurance policies, will/trust, etc., be sure to update the beneficiaries of such accounts, policies, and/or documents. If the deceased was named as a trustee, executor, and/or agent in your estate planning documents such as trusts, wills, powers of attorney, and/or health care directives, consider updating these documents to replace him or her. Add alternates as necessary.

☐ ☐ **Protect Yourself** – Consider buying insurance for your work as a fiduciary, (e.g., as trustee, executor, etc.), covering errors and omissions to protect your personal assets from exposure – for example, if a disgruntled beneficiary files a law suit.

Asset/Liability Inventory

- ☐ **Statements** – Get statements showing the values of all accounts and all loan balances as of the date of death.
 - ☐ **Real Estate Appraisals** – You may need to order real estate appraisals to establish the value of your real estate as of the date of death. It is important for tax and other reasons to use a professional appraiser who does a full appraisal, and not just a “drive-by” appraisal, or one who uses an internet service such as www.zillow.com or simple “comps” from a real estate agent friend.
 - ☐ **Appraise Family-Owned Businesses** – Businesses are difficult to appraise, so a professional appraiser may be needed.
 - ☐ **Appraise Cars** – Go to Kelly Blue Book (www.kbb.com), and use the average of the retail and wholesale values.
 - ☐ **Appraise Valuable Personal Items** – Determine their values as of the date of death.
 - ☐ **Create a List of Assets** – (a) How the title on each asset is held (e.g., trust, joint tenancy, etc.); (b) for surviving spouses: whether each asset is community or separate property; (c) the value of each asset on date of death; and (d) any debt owed on each as of the date of death. Stratos Private Wealth can provide these details for SPW accounts.
 - ☐ **Keep Records** – Keep this list and the statements and appraisals that substantiate the asset values and loan balances indefinitely; they are needed for tax and other purposes.
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For Successor Trustees Only

- ☐ **Update Asset Titles** – Except for tax-deferred assets like retirement accounts such as IRAs, 401(k)s, annuities, etc., assets should be moved into your name as trustee of the deceased’s Trust Dated XXXX. This means removing the deceased’s name from the account titles and placing the accounts into your name as trustee, using your Social Security number if they are not already in your Social Security number or the trust’s Tax ID Number.

Important Note: Consider NOT removing the deceased’s name or change the Social Security number on any accounts until you decide to either NOT use the Bypass Trust, or decide to use the Bypass Trust and not transfer a particular account to it. If you do transfer an account to the Bypass Trust, the titling and Tax ID Number will be specific to the Bypass Trust, and that is something to discuss with your attorney.

- ☐ **Surviving Spouses with A/B or A/B/C Trusts** – Track income and expenses per the instructions of your estate attorney.
 - ☐ **Mail Trustee Notices** – To beneficiaries/heirs (use a form provided by the estate attorney; and mail them via certified mail, return receipt requested).
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Items You’ll Need

- ☐ Power of Attorney
 - ☐ Death Certificates
 - ☐ Location of the most recently updated “Leave a Map, Not a Mess” Organizer
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General Information

- Most non-retirement accounts will receive a “step up” in cost basis at death. This simply means that any unrealized gains vanish. As a result, it is important to discuss this with your CPA and make sure that the new “stepped-up” cost basis is reported for any appropriate financial assets.
 - IRA accounts inherited by someone other than a spouse will likely require the beneficiary to take required distributions over their lifetime.
 - Beneficiaries can disclaim an inheritance. This may be done for several reasons. If an inheritance is disclaimed, the assets pass to the next beneficiary in line.
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Important Contact Information

Stratos Private Wealth:

hello@stratosprivatewealth.com

844-926-5145

12348 High Bluff Drive, Suite 200

San Diego, CA 92130

www.stratosprivatewealth.com

Experian Security Freeze

PO Box 9554

Allen, TX 75013

TransUnion LLC Freeze

PO Box 2000

Chester, PA 19016

Equifax Security Freeze

PO Box 105788

Atlanta, GA 30348

California Department of Motor Vehicles

Attention: CCS, MS-C165

PO Box 932345

Sacramento, CA 94232-3450
