

TRUST ADMINISTRATION CHECK LIST FOR TRUSTEES

Initial Steps:

Obtain Death Certificates (order sufficient number for each financial institution, items of real property).

Notify all persons/entities paying monies to Decedent of death (e.g. pension payments, employer payments, annuity payments, Social Security, payments from trusts). Where payments are to continue after decedent's death, instruct payers to direct funds to trustee.

Collect all mail / redirect mail to trustee's address.

Collect all financial information (e.g. bank and brokerage statements, bills, credit card statements) and asset information (deeds, insurance policies, DMV titles, etc) from decedent's residence/safe deposit boxes, etc.

Secure the decedent's residence and personal effects and papers. Consider changing locks etc. Take custody of decedent's computers/mobile devices.

Initial Legally Required Steps:

Review Trust instrument to identify beneficiaries, powers of trustee, restrictions on trustee, etc. Ascertain if Will has dispositive provisions other than pour-over to Trust, or if there is a Power of Appointment that has been exercised.

Obtain addresses and contact information for all beneficiaries and heirs at law of Decedent.

Deposit Original Will with Probate Court (county of domicile).

Send out Notification by Trustee under Section 16061.7 with terms of trust/s to all beneficiaries and heirs at law.

Obtain Taxpayer Identification Number/ EIN for Trusts becoming irrevocable. Identify TIN/EIN for existing irrevocable trusts.

Marshall and Inventory the Assets

Review how title to each asset is held and categorize between “Held In Trust” v. “Not Held in Trust”.

Ascertain whether assets outside the Trust are worth more than \$150,000. Will a probate be required?

Identify Real Estate holdings not titled in the Trust. Estimate value (< \$50,000 or > \$50,000 but < \$150,000).

Identify whether any real estate is held outside California.

Prepare and record Affidavit re Death of Trustee for real estate held in Trust. Prepare and Mail “Death of Property Owner” forms to County Assessor/s.

Get your name as Trustee of the Trust on all assets.

Provide TIN/EIN to all financial institutions holding accounts or paying funds to the Trust.

Obtain date of death values and where necessary formal appraisals of assets. Obtain certified appraisals of real property for stepped up basis.

Identify any Dividend Reinvestment Accounts. Stop reinvesting.

Identify depreciating assets.

Identify royalties, etc

Identify digital assets and accounts.

Identify any automatic withdrawals or transfers of funds which need to be terminated.

Identify Safe Deposit Boxes and Inventory contents

Identify insurance coverage for all assets/ on life of decedent, etc.

Identify if monies are owed to the Decedent by other people. Inventory these.

Consolidate financial accounts, with principal checking and savings accounts/money market account/brokerage account. However, be aware of FDIC limits – if necessary use multiple institutions except for checking account.

Pay Debts and Taxes

Identify outstanding debts and liabilities/ creditors / mortgages/ leases/ recurring payments. Pay them from trust assets.

Cancel decedent's credit cards. Consider advising Credit Reporting Agencies.

Cancel recurring payments not required after decedent's death (e.g. cable/internet/subscriptions/medical insurance).

Was decedent on MediCal (or predeceased spouse). If yes, notify MediCAL.

Locate and review past year tax returns.

Identify estate, income, capital gains, and property tax issues.

Determine if Liquidity is an Issue.

Engage CPA/Accountant.

Determine if estate is subject to Estate Tax. Consider prior gifting in determining this due to impact on exemption amount.

Consider whether there are assets in other states which will require additional tax returns.

Identify whether income taxes require estimated taxes be paid.

Identify if a reverse mortgage is held on real property. Contact reverse mortgage company and ascertain timeline of notices, etc.

Accounting to the Beneficiaries and Duty to Keep Beneficiaries Informed

Record Keeping – Schedule of Income/Receipts and Schedule of Expenses/Disbursements. Keep receipts/invoices/all statements from financial institutions. Paper Trail for all expenditures.

Form and Contents of Accounting (Formal v. Informal). Minimum requirements set out in Probate Code.

Seek Beneficiary Approval of Accounting/Release/Waiver when accounting delivered to beneficiaries.

Consider regular communication with beneficiaries v. communication when significant steps taken.

Distribution of Remaining Assets to Beneficiaries (including where required, setting up sub-trusts).

Identify specific gifts and determine timing of distribution. Have any specific gifts lapsed?

Identify manner of distributing or liquidating personal tangible property. Identify how trust deals with such property; were lists of specific items left by decedent and what is their legal effect. Will it be necessary to obtain an appraisal of personal tangible property, all or some of it. Should trustee prepare a photographic/video record of the personal tangible property?

Identify which assets are to be transferred in kind v. liquidated. If distributions in-kind are they to be pro-rata or non-pro-rata?

If Real Estate involved, File Parent-Child or possibly Grandparent Grandchildren forms with County Assessor of relevant county. Identify if a pro-rata or non-prorata distribution.

Consider preliminary distributions and their timing for taxes.

Determine amount of reserve to be held back from distributions.

Determine whether trustee is taking fee and if so amount. Adjust reserve for trustee fee.

Prepare Calculation of Distribution Amounts Worksheet.

Prepare Asset allocation Spreadsheet if in-kind distributions.

Seek Beneficiary Review and/or Approval of Asset Allocation Spreadsheet, if recommended.

Prepare Receipts for Distributions.

Determine paperwork needed to legally transfer assets being distributed in kind (e.g. Deeds, Assignments of interests in LLCs or Limited Partnerships, DMV forms, mobile home paperwork for transfers, etc).

Set up ongoing subtrusts – obtain TIN/EIN for sub-trusts; prepare certification of trust; establish accounts to receive funds.