



Duties of an Executor

THE DOCUMENTS ARE SIGNED, THE PLAN IS SET. BUT WILL YOUR WISHES BE CARRIED OUT? THE ADMINISTRATION OF YOUR ESTATE PLAN DEPENDS ON YOUR CHOICE OF EXECUTOR, KNOWN IN CERTAIN STATES AS A PERSONAL REPRESENTATIVE.

Your executor can be a family member, friend, advisor, trust company or combination of these. In addition to managing and distributing the estate's assets, the executor must engage in a series of complex and interrelated decisions over a period of time that often spans several years. These decisions can affect how much your estate will pay in income, estate and inheritance taxes, the amount your beneficiaries ultimately receive — and how quickly assets can be distributed.

Duties of an Executor

The executor is responsible for addressing all legal, tax and family matters to ensure that your estate is settled according to your wishes and that your estate's obligations are properly and effectively fulfilled. To that end, the

executor must:

UNDERSTAND THE TERMS OF THE WILL AND FILE THE WILL WITH THE COURT

One of the executor's first responsibilities is to review the will and file it with the appropriate court, thereby beginning the legal process known as "probate," through which the court typically determines a will's validity and appoints the executor(s) and/or trustee(s).



ASCERTAIN THE ESTATE'S INITIAL CASH REQUIREMENTS AND NOTIFY ALL INTERESTED PARTIES OF DECEDENT'S PASSING

The executor will meet with family members and other beneficiaries to determine initial budgetary needs and initial cash requirements, if any, and to develop and review the initial estate administration action plan. Additionally, the executor will notify banks, investment advisors, trustees, creditors—and even the post office — of your passing.

COLLECT, SAFEGUARD AND VALUE THE VARIOUS AND OFTEN COMPLEX ASSETS OF THE ESTATE

The executor must quickly locate all assets, including jewelry, artwork and other collectibles, and make certain that they are held in a safe location and are properly insured. The executor will also review all real estate holdings, leases and mortgages, business interests, insurance policies, retirement plans, trusts, marketable securities and other assets. The executor must have all of your estate's assets appraised; the results of the appraisals can make a significant difference in your estate's final tax bill. The appraisal process requires knowledge of valuation techniques and an understanding of when to apply discounts and when to seek the highest fair market valuation for an asset. If your estate includes complex assets, such as investment partnerships, hedge funds, closely held businesses and real estate, the ability to make strategic valuation decisions may take on an even greater significance in the overall

administration of your estate.

DEVISE AN INVESTMENT PLAN FOR THE ESTATE WHICH ADDRESSES THE ESTATE'S UNIQUE CIRCUMSTANCES AND COMPLIES WITH THE VARIOUS STATE LAW REQUIREMENTS

The role of the executor is relatively brief, typically lasting between one and three years. Trustees, by comparison can serve for decades. During the period of administration, the executor will gather and protect all assets passing under your will and develop an investment plan for those assets. The investment plan must take into account the schedule for required and anticipated payments and distributions to beneficiaries, including any trusts to be funded; the volatility and expectations of the markets; and the liquidity of assets. For significant estates, this vital task requires an in-depth knowledge of the markets as well as income and estate tax laws. If your estate consists of illiquid assets, investment planning takes on an even more critical role. Where assets under a Will are supposed to pour over into a Revocable or Living Trust for administration there, the executor needs to pass the assets into the hands of the trustees in a timely and efficient manner, once the necessary elections and administrative tasks are handled.

DEVELOP AND IMPLEMENT IN A TIMELY MANNER A TAX PLAN TO HELP MINIMIZE FEDERAL AND STATE INCOME AND ESTATE TAXES

The executor will work with estate counsel and beneficiaries to identify and implement tax minimization strategies. These strategies often include determining the timing of distributions to beneficiaries and the funding of trusts, whether to make certain tax elections, such as elections with respect to state and local taxes, federal Generation Skipping Taxes as well as marital or spousal elections, all of which can have significant implications for the overall taxation of the estate, as well as the long term viability of the estate plan and trusts created. Further, post mortem planning decisions, such as whether disclaimers or redemptions should be used, often require significant attention. The executor will also supervise the preparation and filing of all federal and state income, gift, estate and inheritance tax returns on behalf of the decedent and the estate. The executor, with support from counsel and other advisors, must be prepared to represent and defend estate tax valuations, if the estate is audited.

ENSURE ASSETS ARE DISTRIBUTED EQUITABLY ACCORDING TO THE TERMS OF THE WILL, AND THEN PREPARE AN ACCOUNTING FOR THE BENEFICIARIES DETAILING ALL OF THE EXECUTORS' ACTIONS

The executor is responsible for paying cash bequests, distributing personal effects, establishing and funding trusts and ensuring that proper title to all assets is transferred to the appropriate beneficiaries. Once the estate administration is complete, the executor presents the beneficiaries with a final accounting of all the transactions and actions taken on behalf of the estate during the course of the estate's administration. The executor may also

present a formal accounting to the court, if appropriate.

Meeting with your executor in person to review the terms of your Will can provide him or her with a more personal context to use when interpreting your final wishes.

Selecting an Executor

In order for your estate beneficiaries to receive all of the protections and benefits that you intend, it is

important to select an executor with requisite skills and expertise. Many individuals choose a surviving spouse or a relative, a trusted friend, a family lawyer, an accountant or a trust company.

While a friend or a relative may provide comfort and personal insight during a difficult time, it is important to keep in mind that serving as an executor requires a tremendous amount of time and energy, with many large estates

taking years to settle. Executors have significant responsibilities (as well as potential liability for their decisions), which can be daunting for even the most qualified individual. Skillful estate management requires discretion, sensitivity and the ability to mediate conflicts. For example, beneficiaries may disagree about when to liquidate assets or which assets should be given to a beneficiary in satisfaction of a bequest or allocation under the terms of the estate. Individual executors may have difficulty responding to such situations or may find that their role affects their personal relationships with the families they serve.

Furthermore, while an individual executor is not required by law to have any specialized legal or financial training, it can be an overwhelming task for someone who lacks, at minimum, a familiarity with the nature and status of the estate's assets and liabilities, investment principles, probate and tax law, and asset valuation concepts.

Working with Advisors

Many believe that choosing a friend or a relative to act as co-executor supported by your team of advisors can provide the best of both worlds: The family member or friend offers deep insight into personal matters, while the

A strong team can ensure the process runs smoothly and efficiently

advisors (such as your attorney, accountant, corporate trust company or independent family office firm) can act as a team to relieve the individual of many of the burdensome tasks of acting as executor and provides technical expertise and objectivity.

Ideally your team of advisors will combine investment experience with knowledge of tax and administrative issues. Working with a strong team, or a lead advisor who can coordinate the team on behalf of the executor, ensures you have access to the experts who can determine which assets should be sold to pay bequests, taxes and creditors in an efficient manner. Additionally, the team should be able to bring in business valuation experts, reputable appraisers and auction houses to value illiquid assets such as art collections, jewelry, personal property, as well as limited partnership interests or shares of a family business.

While you do not need a friend's or a relative's permission to name him or her as executor, the individual you select is also free to reject the job. In that case, the will can name a successor executor or can give power to designate a successor executor to an individual. To ensure your wishes are carried out, it is important to have a provision designating a successor executor.

Wealthaven's independent views and deep expertise across business, investments, estate and tax planning can be an invaluable resource for settling estates with significant and/or complex assets. By supplying technical knowledge and an objective voice, we can support your executor to help ensure that tasks are handled properly and help avoid the costly legal disputes that can occur when large sums are involved.

Wealthaven can serve as a co or sole executor but usually acts in a consultant

capacity to the family member or friend chosen as an executor. This allows for continuity if there is a need to replace existing lawyers and accountants due to conflict issues or if other problems arise. Further, as part of our pre-mortem planning, Wealthaven works in partnership with your trusted advisors, proactively reviewing investment, insurance or estate planning issues, thus increasing the likelihood that assets will be preserved for future generations.

Estate Administration Timeline

The following provides a sample timeline for the administration of an estate. Although the duration will vary, estate administration will often last for several years, depending on the size and complexity of the estate.

<p><i>Early Administration</i> TYPICALLY ONE TO SIX MONTHS AFTER DEATH</p>	<ul style="list-style-type: none">• Obtain original will, apply to court to admit will to probate, appoint executors or trustees and notify beneficiaries and other necessary parties• Identify and engage advisors as necessary• Ascertain all of decedent's assets and financial obligations• Collect and secure assets, including determining if any existing insurance is adequate• Appraise all assets• Determine preliminary estimates of liabilities for income, gift, estate, inheritance, employer, foreign death and other taxes• Determine estate's cash requirements, including family's cash needs, and anticipated expenses and develop an investment and administration action plan
<p><i>Core Administration</i> TYPICALLY SIX MONTHS TO ONE YEAR OR LONGER AFTER DEATH</p>	<ul style="list-style-type: none">• Review decedent's income and gift tax records and develop post-mortem tax plan for estate• Prepare and file inventory of estate assets, if required• Determine alternative valuations for estate assets, if appropriate• Determine if any advantageous tax elections should be made• File estate, inheritance, gift, income and other tax returns, pay any taxes due and apply for any appropriate extensions• File disclaimers if appropriate
<p><i>Final Administration</i> TYPICALLY ONE TO THREE YEARS OR LONGER AFTER DEATH</p>	<ul style="list-style-type: none">• Pay legacies• Handle any audit, estate, gift or income tax returns• Identify property that should be used to fund trusts and final distributions• Prepare final accounting of executor's acts and transactions and obtain releases from beneficiaries• Pay final expenses and make final distributions

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