

How to Carry Out the Duties of Managing an Estate

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Often, when a person dies, a personal representative needs to administer the estate of the decedent. Managing the money and property (estate) of someone who has passed away is a significant responsibility that requires compassion and careful attention to detail. Whether you have been appointed through the will of a decedent or assigned by the court, the duties associated with managing someone's estate as an executor/executrix, administrator, or personal representative (collectively referred to below as "personal representative") can be complex and emotionally challenging. Estate administration rules depend on the state where the decedent resided at the time of death; however, the considerations below will help you navigate the process.

A dark-themed advertisement for TransUnion. On the left is the TransUnion logo with a 'tu' in a circle. Below it is a yellow-bordered button with the text 'Learn more'. To the right of the logo is a vertical line. Further right, the text 'Legal Professionals:' is highlighted in yellow. Below this, it says 'Complete weeks or even months of legwork in seconds'. At the bottom, it says 'TLOxp - public and proprietary records'. The background features a hand pointing at a laptop screen with a futuristic, glowing interface overlay.

Once you are legally authorized as the personal representative and assume the role of managing an estate, you will have the duty to:

- locate, protect, and appraise estate assets;
- set up an estate account and obtain a tax identification number for the estate;

- identify and pay outstanding expenses and debts of the decedent;
- address taxes;
- make distributions; and
- close the estate.

Locate, Protect, and Appraise Assets

To locate the decedent's assets, begin by thoroughly searching the decedent's residence for personal records such as bank statements, tax returns, and other financial documents. Incoming mail may also be informative. Even if you find outdated documents, inquire about the current status of the account or asset. Also consider:

- contacting financial institutions;
- searching safe deposit boxes;
- reviewing local real estate records;
- contacting former employers and retirement plans;
- contacting local town offices;
- searching online databases and public records;
- searching the unclaimed property database of any state where the decedent resided;
- inquiring with the Social Security Administration regarding any death benefits; and
- hiring a professional locator as needed.

Once you have identified the decedent's assets, you should immediately secure and protect physical assets, such as real estate, vehicles, valuable items, and

personal belongings. Also:

- notify financial institutions, insurance companies, creditors, and other relevant parties about the decedent's passing to prevent unauthorized access or transactions;
- notify credit reporting agencies to place a death notice on the decedent's credit report to reduce the risk of identity theft;
- secure important documents, such as the will, trust documents, deeds, and insurance policies, in a safe and accessible location;
- consider temporary guardianship for any minor children or dependents and plan for their care and well-being if not otherwise addressed by a will;
- change locks on properties to prevent unauthorized access;
- change passwords for online accounts to enhance security; and
- create a thorough inventory of all estate assets and obtain professional appraisals for valuable items.

Appraising estate assets is important to determine the date of death value and fair market value of the deceased person's property. These valuations may be needed for tax purposes, the sale of assets, and calculating distributions. Real estate, personal property, financial accounts, investments, and business interests may all require appraisals. For all appraisals, seek an appraiser or institution licensed and skilled in the category of asset you are seeking to have appraised. Keep thorough documentation of all appraisal processes for legal and accounting purposes and be prepared to address any challenges or disputes that may arise.

Setting Up an Estate Account and Applying for a Tax Identification Number

To properly collect assets and pay ongoing expenses, you will need to open an estate account. An estate account provides a separate financial entity for managing estate assets to avoid commingling with personal funds and ensures compliance with legal and accounting requirements. An estate account requires a federal tax identification number (EIN). Applying for an EIN is currently free through the [Internal Revenue Service \(IRS\) website](#). In most cases, you will receive the EIN immediately. Beware of entities charging for this service.

Once you've obtained an EIN, you should select a bank and deposit funds into the estate account. When selecting a bank, consider the bank's location, fees, minimum balance requirements, transaction limits, and the ease of working with the bank for estate matters. Keep organized records of all account-related documents and transactions for future reference and accounting purposes.

Identifying and Outstanding Expenses and Debts

Once the estate account is established, you can begin (or continue) paying the decedent's outstanding expenses and debt. Assess the validity of each debt by requesting proper documentation from creditors. If a creditor has a legal right to collect the debt, you can negotiate and try to settle. Doing so may reduce the loss of estate assets. Once you have established and negotiated the debts, liquid assets can be used to cover the debts. As the personal representative of the estate, you are not personally liable for covering the debts and expenses of the deceased individual. If the assets of the estate will be insufficient to pay all claims in full, consult your state's estate rules to determine the priority order for debt repayment. Again, it's imperative that you retain accurate records.

Addressing Taxes

You also have a duty to address any outstanding tax obligations of the decedent and file necessary tax returns. It is important to seek guidance from legal and tax professionals regarding the tax deadlines that apply to the estate you're managing, as they can have a significant impact on the estate and

beneficiaries' tax liabilities. There are also deadlines for certain tax elections available to a surviving spouse, if any (e.g., spousal elective share), and to beneficiaries for disclaimers. Taxes to consider include:

Federal Income Tax

Form 1040 must be filed for the deceased individual for his or her year of death.

Federal Estate Tax

In 2024, the maximum amount of assets you can leave someone free of estate tax is \$13.61 million (\$27.22 million for married couples). The “federal applicable exclusion amount” changes from year to year. Be sure to check the current limit.

State Taxes

Depending on the applicable state's laws, you will need to file income, estate, gift, and/or inheritance taxes.

Income Earned by the Estate

For every year the estate generates more than \$600 of income, a separate tax return for the estate must be filed.

Generation-Skipping Transfer (GST) Tax

This federal tax is imposed on transfers of assets that skip a generation. Exemptions and rates for the generation-skipping tax change based on federal tax laws and regulations.

IRA and Retirement Account Distribution Rules

There are specific rules regarding the distribution of individual retirement accounts (IRAs) and other retirement accounts after the death of the account

holder. Beneficiaries may need to pay income tax on distributions, depending on the type of account and other factors.

Making Distributions and Closing the Estate

You should try to move the estate to completion as timely and efficiently as possible. Carrying on an estate longer than necessary may result in increased expenses and loss to the estate assets. On the other hand, if the estate has tax liabilities, you should wait until all applicable tax closing/waivers are received before closing the estate. Specific rules to close an estate vary by state. As applicable, you will need to address any commissions, accounting, and final distributions.

- **Commissions.** State law may authorize personal representatives to receive income and/or a principal commission for undertaking the management of an estate. If the estate is guided by a will, the will may specify the commission structure.
- **Accounting.** An accounting provides a detailed record of all financial transactions, assets, and liabilities associated with the estate and helps facilitate transparency among beneficiaries and relevant authorities. Depending on the circumstances, an accounting may be required or recommended prior to making distributions to beneficiaries and officially closing the estate.
- **Final distributions.** You are responsible for making proper and final distributions of the estate to the beneficiaries. If you were appointed by a will, distributions will be based on the will's instructions. If you were appointed by the court, the distribution of assets will be guided by state intestacy laws. You should provide an accounting to the beneficiaries for their review and approval. Depending on the rules in the state of administration, beneficiaries may have the option to waive a formal accounting. If there is a conflict, you may need to obtain a court order approving the accounting and authorizing distributions.

Once you have fulfilled all legal obligations as the personal representative, you should file any applicable estate closing documents with the court to formally complete the process.

Administering an estate can take a year to several years, depending on the size and complexity of the estate. It demands adherence to legal requirements and a thoughtful approach to addressing the financial and emotional intricacies involved. If someone plans to name you as a personal representative in their will, carefully consider the weight of the responsibility. If you will be or already have been appointed, be sure to consult your local court, an estate attorney, and/or an accountant for further support. Personal representatives are an essential part of providing closure, minimizing disputes, preserving assets, and fulfilling the wishes of a loved one.

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[Andréa L. Maddan](#) is an attorney who is passionate about educating, empowering, and serving the community. As a “momprenuer,” Andréa manages and dedicates her

practice to providing counsel on estate planning and administration. She also enjoys family time, listening to music, and trying new restaurants. Andréa is inspired and supported by her faith in God, her supportive husband, her phenomenal daughters, and an amazing and undeniable village.

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