

31st Annual
Tax Symposium

**TRUST ADMINISTRATION:
THE GRANTOR HAS DIED, AND YOU ARE THE
SUCCESSOR TRUSTEE**

NOW WHAT? (HINT: CALL YOUR LAWYER)

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INTRODUCTION

- Lots of obligations
- Potential for personal liability
- Not a day at the beach



RECONNAISSANCE - BENEFICIARIES

- Joycelyn – Successful physician
- Elon – Runs Dan's business
- Billy – Ne'er do well
- American Cancer Society and JARC



RECONNAISSANCE - ASSETS

- Business
- House
- Brokerage
- IRA (traditional)



NOTICE TO BENEFICIARIES - REQUIRED

- Information about trust
- Right to receive trust provisions that “describe or affect”
- Provide to Dan’s children and the two charities
- Must also be provided to the Michigan Attorney General



NOTICE TO BENEFICIARIES - OPTIONAL

- Beneficiaries have two years to challenge validity
- Can be shortened to six months if:
 - notice includes trust provisions, and
 - beneficiary is informed of shortened limitation period
- Dan amended his trust shortly before his death



NOTICE TO CREDITORS

- Publish in legal periodical
- Send notice directly to known creditors
- Creditors have four months to file a claim, otherwise barred
- If the trustee denies the claim, the creditor has 63 days to file a lawsuit



RETITLE AND PROTECT ASSETS

- Obtain taxpayer identification number
- Change title on assets:
 - Stuart Bordman, TTE of the Dan Trust u/a/d 3/24/1977
- Secure Dan's residence and business property
- Obtain/change insurance
 - Some companies will not insure a vacant residence



VALUE ASSETS – ESTABLISH BASIS

Business		\$1.5M
House		\$500K
Brokerage		\$700K
IRA		<u>\$300K</u>
Total		\$3M

DIVIDE AND DISTRIBUTE ASSETS

- Pay expenses, including income taxes
- 10% equally to American Cancer Society and JARC
- Rest equally to children
- Billy's share held in lifetime trust
 - Invest prudently



DIVIDE AND DISTRIBUTE ASSETS

- Can we distribute the IRA to the charities?
- Can we distribute the business to Elon?
- Can we allocate the house to Billy?



ACCOUNT TO BENEFICIARIES

- Start with initial inventory
- Show expenses paid
- Show charitable distribution
- Show division of assets among children



TERMINATION

- Prepare plan of proposed distributions
- Provide plan to beneficiaries with notice
- Obtain receipts and releases
- File final Form 1041 for Dan's trust
 - Forms 1041 will continue for Billy's separate trust



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THANK YOU



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