# 31st Annual

# 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



\$300K

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









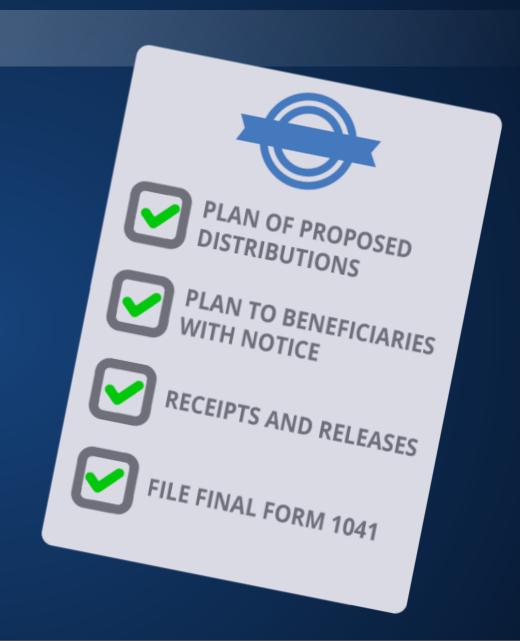






#### **TERMINATION**

- 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





# THANK YOU



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