

# Death and Finance: Part III



## Settling an Estate... the Next Six Months & Beyond

In the last issue of *Resource*, we shared the second in a three-part series of articles focusing on life following the passing of a spouse. In that issue, using the fictitious case of Bro. Ed and Susan Jenkins, we discussed the various matters that Susan, in her role as executrix, and her attorney will need to attend to during the first three months of the administration of Bro. Ed's estate. In this issue, we will focus on the next six months of this process and beyond.

Under normal circumstances, the administration of an estate in Pennsylvania is not a complicated matter. Generally, it would not be necessary to probate Bro. Ed's Will if all assets had been owned jointly by him and Susan as "tenants by the entirety" or been properly designated to pass to Susan at his death, such as through a pension plan, IRA or life

insurance policy. In Bro. Ed's case, however, there are assets titled in his name alone so it is necessary to probate his Will.

By way of review, during the first three months Susan and her attorney notified banks, employers, insurance companies and stockbrokers of Bro. Ed's death. They identified assets that had belonged to him alone. They had jointly owned assets retitled in Susan's name alone. The grant of letters received from the Register of Wills authorizing Susan to serve as executrix was advertised in a county newspaper and also in the county legal journal. Required written notices were sent to each of the beneficiaries under Bro. Ed's Will, with certification to the Register of Wills. Finally, an advance payment of Pennsylvania's Inheritance Tax was filed within three months of his

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## Death and Finances (continued from previous page)

death in order to achieve a 5 percent discount. If Susan had been the sole beneficiary of her husband's estate, no inheritance tax would be owed because the tax rate for transfers to a surviving spouse in Pennsylvania is 0 percent.

As Susan and her attorney enter the next six months in the administration of Bro. Ed's estate, they review the information they have gathered about the assets and liabilities of his estate and together attend to the following matters:

1. Estimating the amount of cash Susan will need in order to pay Bro. Ed's final debts and taxes.

2. Planning for the sale of assets needed to distribute his estate.

3. Preparing and filing Pennsylvania's Inheritance Tax Return and the Federal Estate Tax Return, if required.

4. Preparing the inventory of Bro Ed's estate and filing it with the county Register of Wills.

5. After all debts have been paid and all tax returns have been cleared by the taxing authorities, closing out the administration of his estate and distributing assets to his beneficiaries in accordance with his Will .

Other essential tasks include the following:

1. Preparing and filing Susan's and Bro. Ed's final

joint lifetime Federal and Pennsylvania Income Tax Returns. These returns will be due April 15 of the year following Bro. Ed's passing.

2. Preparing the Fiduciary Income Tax Returns, showing the income and expenses of the estate. This return must be filed no later than 3 ½ months after one full fiscal year from the date of Bro. Ed's death.

3. Considering financial and estate planning for Susan, including the preparation of a new Will for her that reflects her current circumstances.

Remember, at this point in their grief journey, a surviving spouse may be in the depth of grief reaction. The reality of the death has been absorbed, but now the deep sorrow of loss may come at them in waves. They may cope well one day and not so well the next. Grief may burst forth unexpectedly just when they felt they were managing it. They are now being asked to:

- Integrate what has happened to them
- Find meaning in both their loved one's death and their present life, and to
- Re-establish themselves in the world with a new sense of self.

These tasks all take time and energy. If they honor the degree of grief they are experiencing and move through the labyrinth of grief as is comfortable to them. Healing will come, but only as they open themselves to it.

*The information contained in this article and in the two previous articles in the Death and Finance series has been provided for educational purposes and is not intended to be legal or financial advice. If you reside in a state other than Pennsylvania, the estate administration process may be different. Each estate is unique and much has been simplified in this series of articles in order to highlight the significant points of the estate administration process. Estate administration is a highly sophisticated process which should not be completed without the assistance of counsel. Failure to properly navigate this maze of requirements to close an estate could subject the executor or executrix of an estate to unnecessary personal liability and could result in much heartache to the executor's or executrix's heirs or favorite charity(ies) which would be required to "fix" any problems upon the death of the executor or executrix. Please contact your legal advisors*

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