



# Key Considerations for Settling a Loved One's Estate

The loss of a loved one is an emotionally taxing event. While family and friends come together to grieve and support one another, a death also prompts action for settling of the estate. A family member may end up as the executor or executrix but not have the professional background that would lend itself to the role. Considering the following items will help alleviate some of the difficulties that may arise when executing an estate.

**Open communication.** At times, tensions may arise between family members during the process of handling an estate. It can be helpful to have open communication between all parties involved. Family members may feel slighted when one individual is singled out as executor/executrix. In order to harmoniously settle the estate, the executor/executrix can choose to explain all of the information to the other family members. While time-consuming, open and direct communication can help preserve trust within a family and keep everyone aware of all actions being taken in settling an estate. In order to avoid potential strains on family relationships, it may also be beneficial to enlist trusted advisors or a neutral third party to help with the communication and interpersonal aspects. Another consideration is to have these conversations up front, in advance of one's passing. This can help to avoid surprises when the decision maker is not around to provide background to a decision.

**Documentation.** Whether a spouse, son or a daughter is slated to be the executor or executrix, or a trusted friend or extended family member will be chosen, it is helpful to organize policies, accounts, and digital information during the life of the parents. Getting documents in order ahead of time can make dealing with financial affairs much easier after death. In addition to acquiring copies of the death certificate, it is also important to determine the assets and holdings and ensure that they are titled properly. Depending on the type of asset, there are different rules for how an asset is passed down upon death. Holdings may be titled differently than assumed, and assets may not be in the deceased person's name. Creating a comprehensive balance sheet—especially ahead of time—will help with the process of dividing assets among beneficiaries and preparing tax returns when the time comes.

In the context of assisting one's aging parents, especially where the parent's intention to name you as Executrix is known, it is while the parent is alive that reviewing accounts with advisors and updating IRA beneficiaries, addresses, and other key pieces of information will help ensure that your parent's intentions will be carried out upon death.

**Tax returns.** Upon the death of the first spouse in a couple, filing a tax return may be fairly straightforward since everything generally passes to one's spouse tax-free. This may be a harder process to navigate after the second spouse's death. After establishing and valuing all assets, it is important to review not only the federal but also the state filing requirements. Since states have different filing requirements and thresholds for filing, the executor/executrix may not be aware of certain compliance intricacies. One should be wary of trusting off-hand advice, especially since estate tax law is complex, and having a long-standing relationship with a qualified tax advisor will help ensure accurate and timely compliance.

**Beneficiaries.** When the executor/executrix is also a beneficiary, there are additional recommended steps to take. If any part of an inheritance will be income producing, consulting with an advisor will help the beneficiary determine how the acquisition would affect future income taxes. Sometimes properties or shares of a family business are divided among family members. This will also have a financial impact upon the beneficiaries. If a beneficiary does not need the financial assistance or want to assume the financial risk that accompanies inheriting these assets, disclaiming the inheritance may be an option as a way to pass the assets to the next in line of beneficiaries. If one intends to disclaim an inheritance or a portion of an inheritance, it is important to do so in a timely manner.

Amid the grieving process, handling estate affairs can get complicated. The executor/executrix needs to be thorough and maintain appropriate lines of communication to manage existing relationships and family dynamics. Depending on the circumstances, it can be critical to work closely with your team of advisors to make sure the decisions that are made are done in an informed fashion. To discuss these points further or review a specific situation, contact your Anchin relationship partner or Jared Feldman, a partner in Anchin Private Client, at 212.840.3456 or [info@anchin.com](mailto:info@anchin.com).



**Ehud "Udi" Sadan, CPA, CGMA**  
Leader  
[ehud.sadan@anchin.com](mailto:ehud.sadan@anchin.com)



**Jared Feldman, CPA**  
Leader  
[jared.feldman@anchin.com](mailto:jared.feldman@anchin.com)

1375 Broadway, New York, NY 10018 • 212.840.3456 • [www.anchinprivateclient.com](http://www.anchinprivateclient.com)

Anchin Private Client Copyright © 2018

This contains information which is general in nature and based on sources which are believed to be authoritative. Specific applications would require consideration of all facts and circumstances by qualified professionals familiar with a taxpayer and therefore we are not liable for the application of any information contained herein. No part of this correspondence may be reproduced or utilized in any form or by any means without written permission from Anchin Private Client.