2021 · WHAT ISSUES SHOULD I CONSIDER BEFORE CLOSING THE ESTATE?

fpPATHFINDER

CASH FLOW ISSUES	YES	NO
Is any residual income expected from dividends or interest? If so, this could result in the estate having to be reopened.	☐	☐
Is there any outstanding money owed to the deceased person or to the estate?	☐	☐
Are there any final expenses or fees payable by the estate? This includes debts, taxes, probate costs, attorney, accountant, and executor fees, etc.	☐	☐

ASSET & DEBT ISSUES	YES	NO
Are there any debts that still need to be paid by the estate? Ensure that all valid creditor claims have been settled and the creditor claim period has been closed.	☐	☐
Does any property need to be liquidated before distributing the proceeds of the estate to the heirs? If so, liquidate according to any obligations, maximizing net proceeds and tax efficiency.	☐	☐
Did the deceased person reach their Required Beginning Date or (if they had an inherited IRA) were they taking an RMD at the time of their death? If so, beneficiaries must take any remaining RMD amount for the year of death before the end of the year.	☐	☐
Have accounts been properly retitled out of the deceased person's name or closed if needed? Consider titles to real and personal property, mortgages, and bank accounts.	☐	☐
Did the deceased person live in a continuing care retirement community? If so, look to see if there are refundable entrance fees.	☐	☐

ADDITIONAL ADMINISTRATION ISSUES	YES	NO
Could there be property, assets or life insurance not yet identified? If so, consider the following: ■ Look at the "points" feature on credit cards and "miles" with airlines to see if they are transferable. ■ Check for safety deposit boxes but be sure to follow probate rules before opening. ■ Search state agencies and unclaimed property sites that are run by many state treasurers.	☐	☐
If there is an estate tax liability, was the total value of the estate on the date of death greater than the value at six months after the date of death? If so, you may elect on Form 706 to use the alternate valuation date to reduce estate taxes, valuing all assets as of six months after the date of death (unless sold within that period).	☐	☐
Did the deceased person leave a surviving spouse and any unused federal estate and gift tax exclusion amount, and might the surviving spouse's net worth exceed their own exclusion amount ($11.7 million, if no lifetime use)? If so, the surviving spouse should file Form 706 to claim portability of the deceased person's unused estate tax exemption (even if a 706 is not otherwise required). If a 706 is filed only to elect portability, it is due within two years of the date of death.	☐	☐
Are any beneficiaries disclaiming their inheritance? If so, the disclaiming of assets generally must be completed within nine months of the date of death. Note the special requirements to make a qualified disclaimer.	☐	☐
If probate occurred in multiple states, are there ancillary issues that need to be resolved?	☐	☐
Are there digital assets that should be preserved and/or distributed? (continue on next page)	☐	☐

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ADDITIONAL ADMINISTRATION ISSUES (CONTINUED)	YES	NO
Did the deceased person have dependent children? If so, consider financial strategies to protect the children's interests, in accordance with the deceased person's wishes.	☐	☐
Did the deceased person have spousal or child payment obligations? If so, consider measures to satisfy these obligations.	☐	☐

TAX ISSUES	YES	NO
Are the heirs in a lower tax bracket than the estate? If so, consider distributing income to the heirs prior to year-end to ensure earnings are taxed at the lowest possible rate.	☐	☐
Do final tax returns need to be filed? If so, consider the following: ■ A deceased person's final federal income tax return (Form 1040) is due by the usual tax filing deadline (April 15th). A surviving spouse can claim MFJ for the year of death. ■ An estate's final federal income tax return (Form 1041) is due by April 15th for calendar year estates, and before the 15th day of the 4th month following the close of the tax year for fiscal year estates. ■ A federal estate tax return (Form 706) is due nine months after the date of death (if at all). ■ Six-month extensions of time to file are available for Form 1040, Form 1041, and Form 706. ■ Filing requirements for state tax returns vary by state.	☐	☐
Did the deceased person own property jointly with someone else? If so, that person may receive a partial step-up in basis. Reference "Will I Receive A Step-Up In Basis For This Inherited Property?" flowchart. (continue on next column)	☐	☐

TAX ISSUES (CONTINUED)	YES	NO
If you filed a Form 706 or state estate or inheritance tax return, are you waiting for closing documentation from the taxing authorities? If so, request an account transcript or closing letter from the IRS, and obtain any necessary documentation from state taxing authorities to document that your returns have been reviewed and accepted.	☐	☐

OTHER ISSUES	YES	NO
Do files need to be organized and documented to show evidence of disbursements?	☐	☐
Are there state-specific issues that need to be considered?	☐	☐
Are there additional filings to be made with the Probate Court? If so, be sure to fulfill all filing obligations, and look for opportunities to expedite your administration when appropriate (e.g. seeking beneficiaries' consents to accountings and waivers of hearings).	☐	☐
Are there non-probate assets that require administration? If so, these would not prevent closing the estate, but you may want to consider the following: ■ Legal title should be updated for certain assets that transferred on death (e.g JTWROS real property, joint accounts, etc.). ■ Retirement accounts with multiple beneficiaries should be divided and distributed prior to September 30th of the year after death.	☐	☐

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