



PERSONAL TRUST & ESTATE SERVICES

THE ROLE OF THE EXECUTOR

Responsibilities and Liabilities

An executor works on the estate's behalf to minimize taxes, resolve administrative problems and provide prompt, proper distributions of the assets to the beneficiaries. The commitment to the role of executor can be immense, with significant time spent on legal work, financial management, bookkeeping and more. It is not a role that one should assign or accept lightly.

If you are naming an individual to serve as executor of your estate, or if someone has asked you to serve as executor, consider the related responsibilities carefully. Do you or your prospective executor have the experience and the expertise to handle the complexities involved in settling an estate? Could you benefit from the estate settlement services provided by a professional executor or co-executor like Northern Trust?

Following is a representative summary of what is expected of an executor. Depending on the complexity of the estate, the executor will assume many or all of these responsibilities.

COLLECTION AND MANAGEMENT

- Opens an estate account with a financial institution after legal obligations are fulfilled.
- Arranges for inventory of safe deposit box contents.
- Collects and takes possession of all the assets including stocks, bonds, jewelry, etc., and arranges for the transfer of all funds to the estate account.
- Arranges for the transfer and reregistration of securities.

- Invests all surplus cash in a secure investment vehicle.
- Collects dividends and interest on the estate's financial assets.
- Manages stock and bond investments and executes appropriate purchases and sales to maintain estate's value.

REAL ESTATE

- Assembles necessary documents for each parcel of real estate, including deeds, abstracts and insurance policies.
- Examines all real estate to determine condition, adequacy of insurance, and status and payment of taxes, bills and assessments.
- If necessary, screens the property for environmental contamination.
- For income-producing property, collects rents, makes repairs, pays real estate taxes, maintains insurance, arranges for utility services and handles all tenant-related issues.

INVENTORY AND APPRAISAL OF DIVERSE ASSETS

- Arranges for appraisals of real estate, jewelry and any special assets to determine fair market value for tax and accounting purposes.
- Investigates status of any business interest, including closely held stock and partnerships.
- Supervises the operation of family-owned businesses until they are either sold or distributed.

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- Obtains proceeds of any life insurance policies for the beneficiaries.
- Researches potential benefits from the Veteran's Administration and Social Security.
- Investigates and obtains pension and profit-sharing benefits.
- Prepares an inventory of all estate assets including bank accounts, safe deposit box contents, real estate, automobiles, furniture, etc.

ACCOUNTING AND ADMINISTRATION

- Determines cash requirements for debts, taxes and expenses.
- Settles all debts, including mortgages, life insurance loans, bank loans and auto loans.
- Pays all valid claims against the estate.
- Files claims for final medical bills with Medicare and other medical insurance carriers.
- Pays administration expenses for the estate.
- Maintains complete records of all transactions and provides statements of all receipts and disbursements.
- Prepares detailed accounting reports.
- Prepares a Plan of Division and Cash Accounting to divide the estate.

LEGAL OBLIGATIONS

- Locates the will and files it with the Probate Court.
- Petitions the Court for official appointment as executor.
- Publishes a legal Notice of Hearings in the newspaper.
- Obtains permission from the Court to provide for allowance for support of the family, if necessary.
- Legally opposes all incorrect or invalid claims against the estate.
- Prepares a Report of Final Distributions for the Court.

TAX-RELATED RESPONSIBILITIES

- Analyzes tax planning strategies and options.
- Selects a valuation date that provides the greatest potential for tax minimization.
- Determines charitable, marital and other deductions/elections.
- Prepares federal and state estate tax returns for the estate.
- Prepares federal and state income tax returns for the estate and related trusts.
- Prepares gift tax or generation-skipping tax returns.
- Prepares final federal and state income tax returns for the deceased.
- If the estate is audited by a government agency and a tax deficiency is levied, determines whether to negotiate, appeal or accept the ruling.
- Obtains an estate tax closing letter from Internal Revenue Service.

DUTIES TO BENEFICIARIES

- Ensures desired funeral arrangements are carried out.
- Notifies all heirs, legatees, devisees and next of kin of their interest in the estate.
- Communicates regularly with beneficiaries.
- Provides detailed account statements.
- Arranges for distribution of assets to beneficiaries, including marital and family trusts, after settlement of the estate.

HOW TO FIND OUT MORE

Northern Trust would be pleased to answer your questions about the responsibilities and liabilities of an executor, as well as the resources we offer as a professional executor or co-executor. Please contact our location most convenient to you.

The foregoing discussion is general in nature and is intended for informational purposes only. Because the facts and circumstances surrounding each situation differ, you should consult your tax advisor, attorney and estate planning professional before making any changes to your estate plan.

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