

INSTRUCTIONS FOR BACK-UP TRUSTEES

If you have been named a back-up trustee for someone with an Austin living trust estate plan, then you are probably wondering what you should do when that person dies or becomes incompetent. Below is a brief checklist that will help give you direction at a time when you may not know where to begin. In addition to the following procedures, if you are the trustee of a tax planning trust, then you will also need to follow the procedures outlined in “Settling A Tax Planning Living Trust.” Contact us for a copy or for more information: [816] 765.3900, Toll Free [800] 248.8852 or avoidprobate@austinlivingtrust.com .

AT DEATH

Inform the family of your position and assist them as needed: funeral arrangements, flowers, cemetery marker, announcement in paper, special wishes for service, notifying friends, relatives, employer, etc.

Notify the attorney who prepared the trust document so he/she can update the client file. He/she should be aware of the death in case you need to call with questions or need assistance.

Keep all back-up trustees fully informed throughout the process. This includes giving each of them a copy of the trust and regular accounting reports.

Order at least 6 certified death certificates (you can usually get these from the funeral home). You will generally need one for each company where the Grantor had accounts.

Notify the bank so you can start writing checks. You will need to present a certified death certificate (or an obituary), a copy of the trust document, and your personal identification. You will probably also need a tax identification number (not your social security number). Your tax preparer can apply for this number for you, we can apply for it, or you can submit the application (form SS-4) online at irs.gov.

Secure and inventory property, especially real estate. Make sure you have keys, make arrangements for the utilities, and make sure the insurance is in force. Remove valuables (jewelry, coin or stamp collections, works of art, stock certificates, etc.), and important documents to a safe place. Arrange for forwarding of mail. Start a list of all assets.

Assemble important papers, including the trust documents, real estate deeds, stock and bond certificates, insurance policies, bank books, automobile titles, etc.

Notify Social Security, Veterans Administration, life insurance companies, pension and retirement plans, associations, and any others that will provide a death benefit. Put death proceeds in an interest bearing account until distributed.

Check to see if any credit cards, installment loans, mortgage debts, etc., are covered by credit life insurance.

Make a list of all debts and claims against the estate. Collect any bills and start a ledger of accounts payable and income received. Pay all valid bills, including monthly obligations such as mortgages or car payments to keep them current.

Arrange to have real estate appraised or listed for sale. Establish fair market value for all other assets.

Contact an accountant for preparation of final income tax return and estate/inheritance tax return (if applicable). Pay taxes if any.

Make a final accounting record of all assets, income received, and bills paid. Give a copy to all back-up trustees and to the beneficiaries when the property is distributed.

Distribute property in this order (make sure you get a receipt signed by each beneficiary stating that he/she has received the final accounting and the property and releases you from your duties as trustee):

1. Property on special gift lists, if any
2. Remaining personal property - hold estate sale/auction if necessary
3. If children's trust, transfer property and cash to children's trustee
4. If no children's trust, divide cash and transfer titles of property according to trust instructions.

Nothing else needs to be done - the trust has been dissolved.

AT DISABILITY

Notify the attorney who prepared the trust document. He/she should be aware of the incapacity in case you need to call with questions.

Check the trust document for specific instructions. Have the appropriate physicians write a letter documenting the person's condition.

Notify the bank and others that you are now the acting trustee for this person. You will need to present a copy of the doctors' letters, trust document and your personal identification.

Secure and inventory any property, especially real estate. Transfer any assets (other than tax-deferred retirement accounts) that were not transferred to the trust into the trust with the durable power of attorney. Make sure you have the only keys and take care of any utilities, etc. Remove valuables and important papers to a safe place. Arrange for forwarding of mail.

Transact any necessary business for the incapacitated person. You can apply for disability and long-term care insurance benefits, file tax returns, receive and deposit funds, pay bills (including mortgage and other obligations) and, in general, use the person's assets to take care of him/her until recovery or death.

Keep a ledger of bills paid and any income received.

Keep all back-up trustees fully informed at all times. This includes giving each of them a copy of the trust and regular accounting reports.