

1

Snapshot

2

Legal

3

Assets

The marshalling and identification of all of your loved one's assets. This includes those owned individually, in trust, or in joint name with someone else. Implementation of new tax cost basis and discussion of prudent asset management during the course of the administration with members of your financial team.

One of the first responsibilities of the personal representative/trustee in an estate administration is to marshal the assets, obtain date of death values (for tax reporting purposes) and to determine whether the assets and portfolio should be adjusted to meet the needs of the estate and its beneficiaries. Where the assets are located, how they are titled (owned), and what they consist of drives almost all of the decisions to be made during the course of the administration.

This module contains:

- 1 Asset Conference Agenda
- 2 Estate Asset Organizer
- 3 Administrative Checking Account
- 4 Date of Death Values
- 5 Appraisals
- 6 Liquidity/Income Estimator
- 7 Prudent Investor Standard
- 8 Residence Worksheet (where applicable)
- 9 Action Plan

4

Creditors

5

Taxes

6

Distributions

7

Wrap Up

## Asset Conference

Team Members to Attend	Invitees
<input type="checkbox"/> Attorney <input type="checkbox"/> Probate/Trust Coordinator <input type="checkbox"/> Funding Assistant	<input type="checkbox"/> Personal Representative/trustee <input type="checkbox"/> Surviving spouse <input type="checkbox"/> Beneficiaries who would like to participate <input type="checkbox"/> CPA <input type="checkbox"/> Financial advisor/trust officer

**Purpose:** To discuss financial issues surrounding the trust administration. It is therefore vital that your financial advisor(s) is (are) present for this meeting either in person or by teleconference.

## Asset Conference Agenda

1. Open points from last meeting
2. Have we gathered all of the assets yet?
3. Date of death values – adjustment of cost basis
4. Opening an estate/trust checking account
  - a. Accounting and clearing items through one account
  - b. Accounting – coordinating with our bookkeeper
5. Tax Identification number(s)
6. Establishing an administrative/probate brokerage account
7. Prudent Investor Standard (see pages 3-10, 3-11, 3-12)
8. Consolidation of accounts
9. Liquidity for taxes/expenses (see page 3-9)
10. Income needs of surviving spouse/beneficiaries (see page 3-9)
11. Review end of year income distribution requirement
12. Discussion of RMD issues for decedent, if any
13. Establishment of inherited IRA Accounts (if RPT then separate conference required)
14. Insurance claims and Form 712
15. Real estate issues
16. Tangible personal property appraisal
17. Closely held business interest/partnership
18. Any other financial issues relevant to administration
19. Other trusts where deceased is beneficiary

## Estate Asset Organizer

Asset	Individual	Joint	Trust
Cash & Savings Accounts	_____	_____	_____
Stocks, Bonds & Mutual Funds	_____	_____	_____
IRA & 401(k)	_____	_____	_____
Florida Homestead	_____	_____	_____
Furniture & Personalty	_____	_____	_____
Real Property	_____	_____	_____
Vehicles & Boats	_____	_____	_____
Money Owed to You	_____	_____	_____
Closely Held Business Interest	_____	_____	_____
Partnerships, LLCs	_____	_____	_____
Insurance & Annuities	_____	_____	_____
Other Assets	_____	_____	_____

## IRAs, 401 (K)s & Qualified Plans

Institution	Account #	Type	Beneficiary (ies)	Value
		<input type="checkbox"/> Traditional <input type="checkbox"/> Roth	<input type="checkbox"/> Spouse _____ % <input type="checkbox"/> Children _____ % <input type="checkbox"/> Other _____ % <input type="checkbox"/> Other _____ %	
		<input type="checkbox"/> Traditional <input type="checkbox"/> Roth	<input type="checkbox"/> Spouse _____ % <input type="checkbox"/> Children _____ % <input type="checkbox"/> Other _____ % <input type="checkbox"/> Other _____ %	
		<input type="checkbox"/> Traditional <input type="checkbox"/> Roth	<input type="checkbox"/> Spouse _____ % <input type="checkbox"/> Children _____ % <input type="checkbox"/> Other _____ % <input type="checkbox"/> Other _____ %	

## Annuities & Life Insurance

Institution	Owner	Type	Death Benefit
		<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity	
		<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity	
		<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity	

## Real Property

List any interest in real estate including your family residence, vacation home, commercial property, vacant land, time share, etc.

General Description	Individual/Joint/Trust	Fair Market Value	Loan Balance

TOTALS

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## Administrative Checking Account


John Doe, Trustee John Doe Trust 123 Oak Street Fort Myers, FL 33908	DATE _____	1025
PAY TO THE ORDER OF _____	\$ _____	
	_____ DOLLARS	 <small>Security Features Included. Details on Back.</small>
MEMO _____		
⑆000000000⑆ ⑆000000000⑆		1025





## Date of Death Values

Place worksheets indicated date of death values prepared by bank/brokerage firms here.

<p><b>XYZ</b>          INVESTMENTS</p> <p>12356 Front Street          Suite K          Fort Myers, FL 33908          Phone: 800-123-4567</p>	<p style="text-align: right;"><b>Investment Report</b>          March 1, 2015 - March 31, 2015</p>																		
<p><b>Account Profile</b></p> <p>John Doe          123 Oak Street          Fort Myers, FL 33908</p>	<p><b>Financial Representative</b></p> <p>XYZ Financial, LTD          12356 Front Street          Suite K          Fort Myers, FL 33908</p>																		
<p><b>Account Allocation</b></p> <div style="text-align: center;">  </div>	<p><b>Account Summary</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="text-align: left;">Holding</th> <th style="text-align: right;">Date of Death Value</th> <th style="text-align: right;">Shares</th> </tr> </thead> <tbody> <tr> <td>IBM</td> <td style="text-align: right;">\$ 146.50</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>PG</td> <td style="text-align: right;">\$ 70.70</td> <td style="text-align: right;">577</td> </tr> <tr> <td>MSFT</td> <td style="text-align: right;">\$ 44.20</td> <td style="text-align: right;">2,275</td> </tr> <tr> <td>AAPL</td> <td style="text-align: right;">\$ 114.77</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>VIGRX</td> <td style="text-align: right;">\$ 53.31</td> <td style="text-align: right;">728</td> </tr> </tbody> </table>	Holding	Date of Death Value	Shares	IBM	\$ 146.50	1,000	PG	\$ 70.70	577	MSFT	\$ 44.20	2,275	AAPL	\$ 114.77	3,000	VIGRX	\$ 53.31	728
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## Appraisals

Place copies of appraisals here.

Residential Appraisal Report Form (Form 6892) for a single-family home. The form includes sections for:
 

- Property Information: Address, City, State, Zip, and legal description.
- Appraiser Information: Name, License No., and Signature.
- Market Data: Comparison of subject property to similar properties, including sale dates and prices.
- Property Description: Detailed description of the property, including lot area, square footage, and features.
- Valuation: Final appraised value and supporting data.
- Notes: Additional comments and disclosures.

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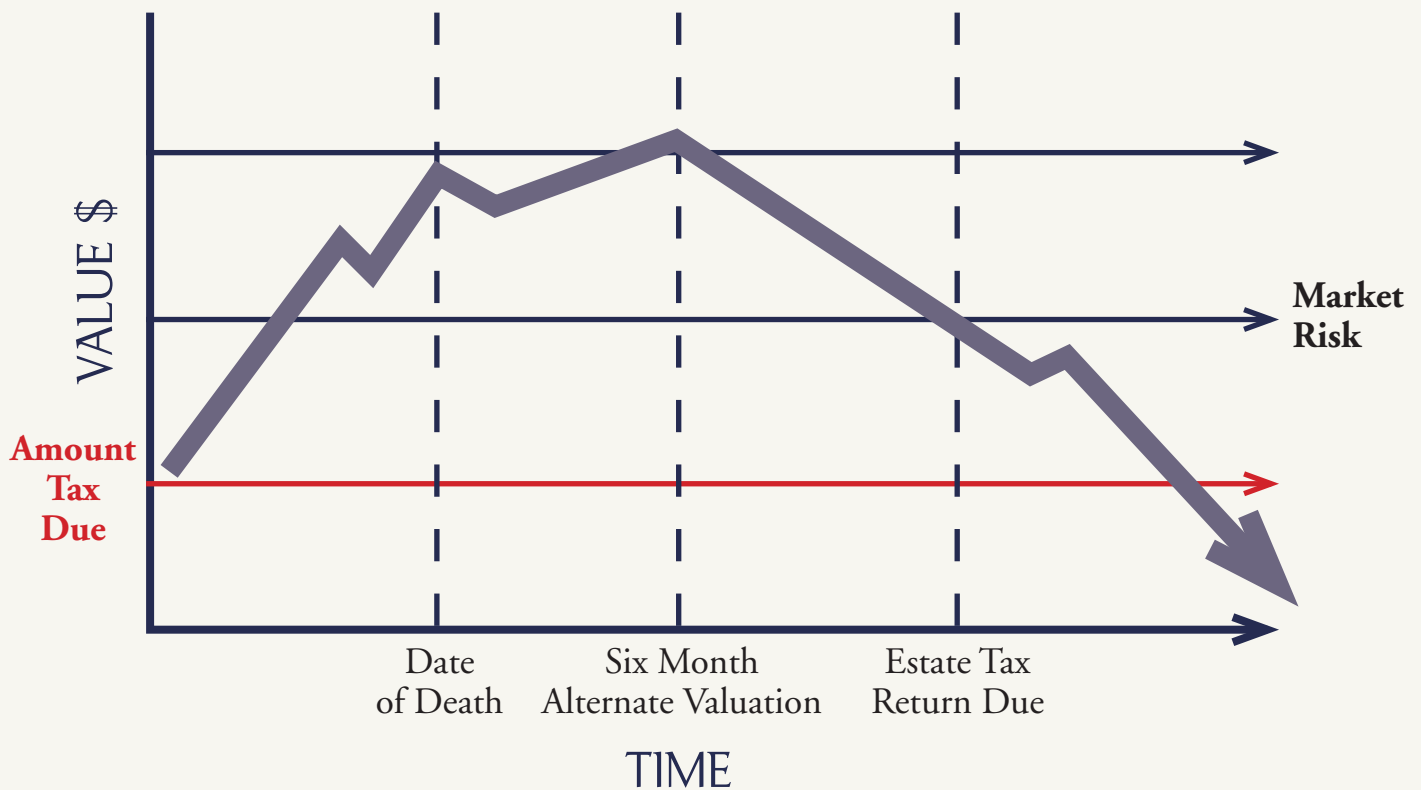
## Liquidity Estimator

Liquidity	
Liquid Asset Total	\$ _____
Administrative Expenses and Taxes	<\$ _____>
Overage/Deficit	\$ _____
Liquid Assets	\$ _____

## Income Estimator

	Budget	Own	Estate
Spouse Needs			
Beneficiary Needs			
Real Estate/Business			

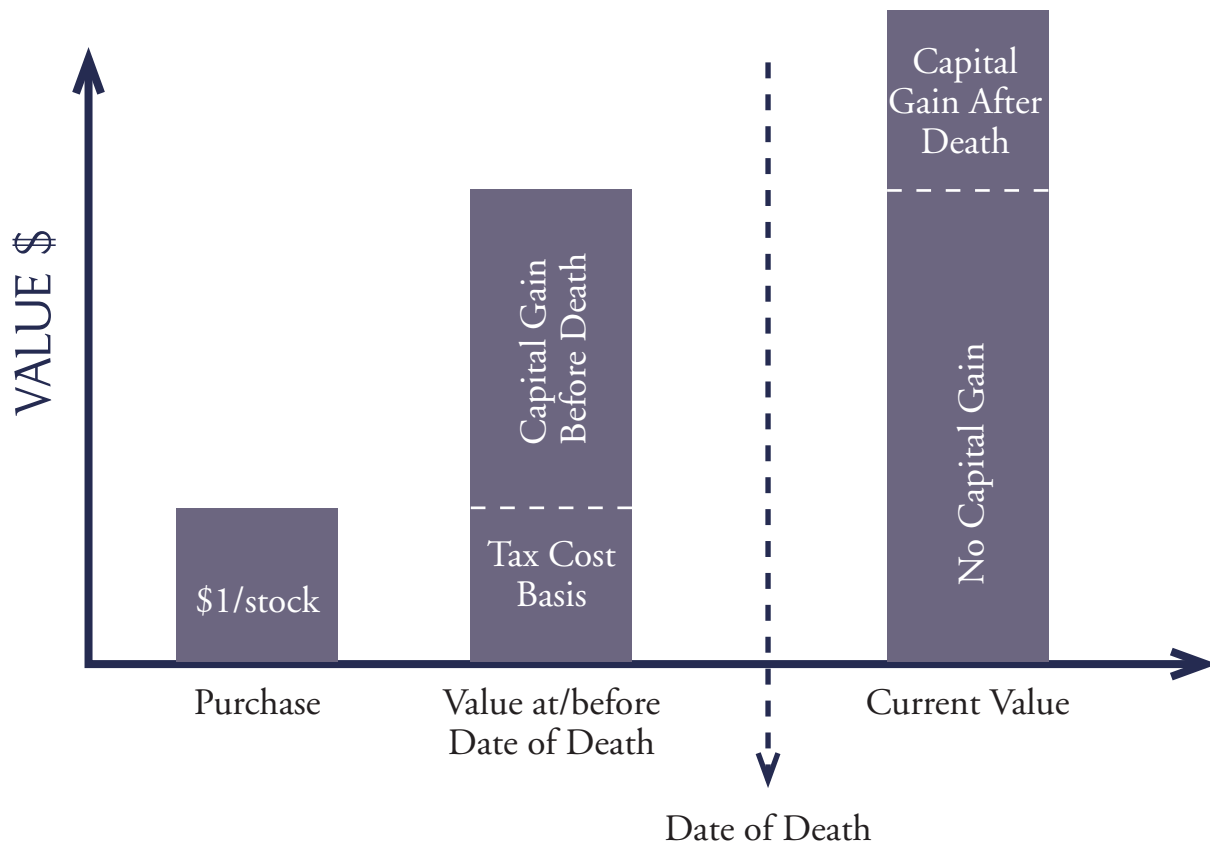
## Prudent Investor Standard - Short Term Market Risk



- Taxes based on lower of date of death value or six month alternate valuation date
- Market could significantly drop by estate tax return due date resulting in even greater percentage of portfolio lost to taxes
- **Goal is PRESERVATION**, not GROWTH, during administrative process

## Prudent Investor Standard - Step-Up in Tax Cost Basis

At date of death, assets receive step-up in tax cost basis equal to date of death value eliminating capital gains.

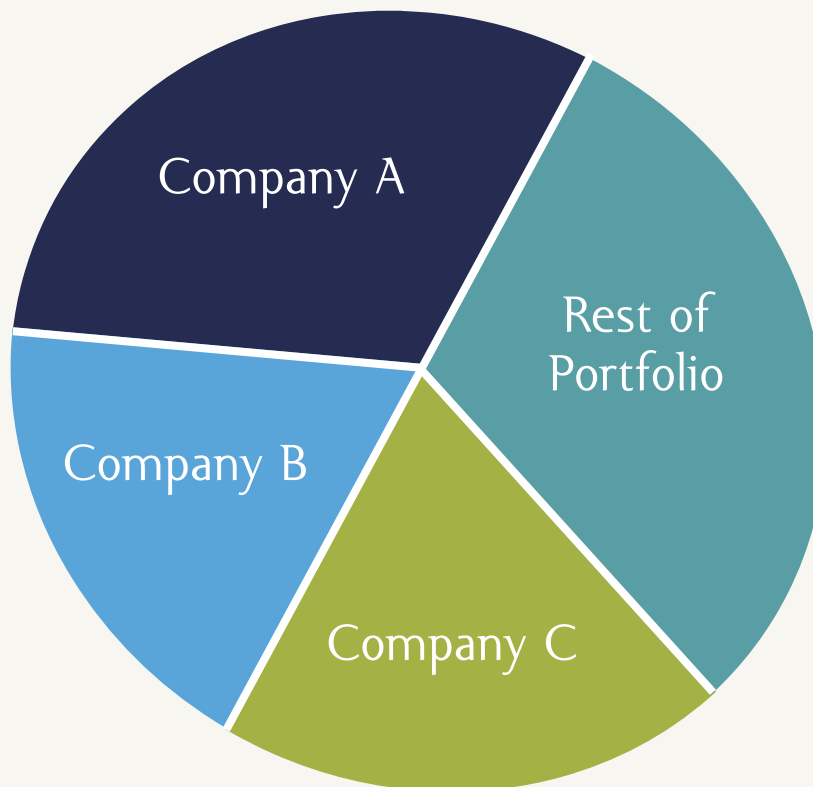


\*Does not apply to income with respect to decedent assets such as IRA, 401(k) and annuities.

## Prudent Investor Standard - Over-Weighted Portfolio

### Why was the portfolio over-weighted?

- Decedent worked for company
- Company always performed well
- Emotional attachment
- Capital gains tax avoidance



Company A = 30%  
 Company B = 20%  
 Company C = 15%  


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 65%  
 Rest of Portfolio = 35%

### Market Risk

- Nearly 2/3 of portfolio invested in only three companies
- Step-up in tax cost basis eliminated capital gains
- Personal representative/trustee has personal liability for market risk
- Beneficiary income/investment goals different than decedent's goals
- Solution- rebalance portfolio or go to cash/equivalents



## Keeping the Home in the Family



Many families want to keep the deceased's home in the family until they consider:

- 1 Carrying Costs**
  - Mortgage
  - Taxes (loss of homestead property tax exemption in FL)
  - Upkeep/maintenance
  - Insurance
  
- 2 Splitting Up Use**
  - Christmas vacation
  - Spring break
  - Family Partnership Agreement
  
- 3 Other Issues**
  - Sibling fails to pay his/her fair share
  - Rental income significantly reduced by management fees
  - Need for liquidity in the estate

## Conference Action Plan

Action Items	Who's Responsible	By When
1.		
2.		
3.		
4.		
5.		