

# Trust Administration Roadmap

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*A Detailed Guide to the Estate Settlement Process*

## I. TRUST IDENTIFICATION

**Name of Trust:** \_\_\_\_\_

**Deceased Grantor:** \_\_\_\_\_

**Date of Death:** \_\_\_\_\_ **Tax ID (EIN):** \_\_\_\_\_

### Phase 1: Discovery & Documentation

The first step involves 'marshalling' the assets. We identify which properties were owned by the trust and which may require probate. This stage is crucial for establishing the legal baseline of the estate.

- Locate and review the original Trust Agreement and any Amendments.
- Secure 5-10 certified copies of the Death Certificate.
- File the original Will with the appropriate County Probate Court.
- Meet with professional advisors (CPAs, Financial Advisors, Business Attorneys).
- Identify assets and confirm beneficiary designations of bank accounts, investment portfolios, and life insurance policies.

### Phase 2: Legal Notices & Compliance

State laws require transparency. We must notify all beneficiaries and heirs to start the legal 'clock' which limits the time creditors have to contest the trust. We also address potential debts to protect the Trustee from personal liability.

- Obtain a Federal Employer Identification Number (EIN) for the Trust.
- Publish a 'Notice to Creditors' in a local newspaper to bar late-arriving claims.
- Notify the Attorney General (for Charitable Trusts).
- Notify the Financial Institutions and any pension providers.
- Send formal 'Notice to Beneficiaries' (typically required within 60 days of death).

### Phase 3: Asset Management & Valuation

As a fiduciary, the Trustee must manage assets prudently. We establish a 'Date of Death' value for all property, which is essential for obtaining a 'Step-up in Basis' to minimize future capital gains taxes for beneficiaries.

- Order professional appraisals for real estate and business interests.
- Prepare and record a 'Certificate of Trust' for real property sales.
- Update property and liability insurance to reflect trust ownership.
- Open/Update signers on Trust Checking account for all income and expense tracking.

#### **Phase 4: Tax Compliance & Accounting**

Transparency is the best defense. A Trustee should provide a formal accounting to all beneficiaries before distributing assets. This phase involves coordinating with tax professionals to ensure all final obligations are met.

- File the decedent's final Individual Income Tax Return (1040).
- Prepare the Trust Fiduciary Income Tax Return (1041) for any post-death earnings.
- Prepare a formal Accounting showing all income, gains, and disbursements.
- Review Federal Estate Tax (706) requirements if the estate is above exemption limits.

#### **Phase 5: Distribution & Final Settlement**

The final stage fulfills the Grantor's wishes. Before assets are distributed, we secure legal releases to ensure the Trustee is protected from future claims.

- Obtain signed 'Receipt and Release' forms from every beneficiary.
- Execute Deeds or transfers to move assets into the names of the beneficiaries.
- Make final distributions of cash and personal property.
- Prepare and send Trust Accounting to all beneficiaries.
- Close trust accounts and receive the final File Closing Letter from our firm.