

An overview of Estate Administration

There are some parts of the estate settlement process which are common to all estates

The Initial Interview - The initial interview should be scheduled as soon after the death as is reasonable. We try to get as much information as possible during that interview to get the process off to a good start. A checklist of the information and documents needed at the time of the initial interview is available from the office.

The process of filing the will at the Register of Wills in court house is referred to as "probate". The process of filing the will takes only about 10 minutes at the most, but must be done at the court house.

Once the paperwork is filed, the Register of Wills prepares "Short Certificates", which are the proof that the paperwork is in order at the court house and that the Executor or Administrator is authorized to take over the estate assets, use them to pay the bills and Inheritance Tax and ultimately, to distribute them to the heirs.

Administration of the Estate - After the short certificates are issued, we will apply for a Federal Taxpayer Identification Number from the Internal Revenue Service via fax. This number must be used for all financial transactions for the estate, such as the opening of a bank account, the sale of real estate and the filing of income tax returns. Upon death, the Social Security Number of the decedent can no longer be used.

Usually the Executor or Administrator opens an estate bank account for ease in keeping track of the affairs of the estate. It is vitally important to keep track of all deposits into this account. More delay and confusion comes from failing to keep track of deposits into this account than from any other part of estate administration.

We will take care of any necessary advertisement of the appointment of the Executor or Administrator (not required if assets are less than \$25,000 in value). We will inventory the contents of the safe deposit box for the state revenue department if necessary.

Time Limits - The law requires an inventory of all estate assets to be filed within 3 months of the date of death. We will prepare the Inventory with the information given us by the Executor.

Inheritance Tax - Pennsylvania Inheritance Tax is imposed at several different flat rates, depending upon the relationship of the decedent to the heir. Spouses do not pay tax; children and direct descendents pay at the rate of 4.5 %; siblings pay at the rate of 12% for decedents dying after July 1, 2000 (and at 15% for those dying before that date) and all others pay 15% except charities, which are not required to pay tax. There is no tax on property passing to the surviving spouse. When there is tax to be paid, it is paid by the estate before the property passes to the heirs. The tax must be paid within 9 months from the date of death, but to the extent Inheritance Tax is paid within 3 months of death, there is a 5% discount in the amount due. In many estates, it is not possible to have the tax return done in 3 months from the date of death, but estates are permitted to make estimated payments and the discount is applied to the amount of the payment made. We will do our best to estimate the amount of tax due and to get the payment made to take advantage of the discount.

Finishing the job - Once the Inheritance Tax return is approved by the state (usually about 3 months after filing) and all debts and expenses are paid, distribution of the assets can be made to the heirs in accordance with the will (or by law, in cases where there is no will). This may often be done by agreement of the heirs, but sometimes a formal court accounting is required.

What is this going to Cost? - All costs of estate administration are discussed in advance and will be confirmed in writing. Cost savings are available when an estate can be settled by receipt or estate settlement agreement.

Questions? Every estate is different and each involves a special set of facts. This guide is not intended to answer all questions that may arise in estate administration. We make every effort to make ourselves available to you. Many estate matters are handled by our staff, including our estate assistant, Sue Chichester. If Attorney Steadman is unavailable, be assured that she has the estate files at her fingertips. Sue has years of accounting experience and you will find her a thoroughly pleasant and professional assistant in the process of estate administration.