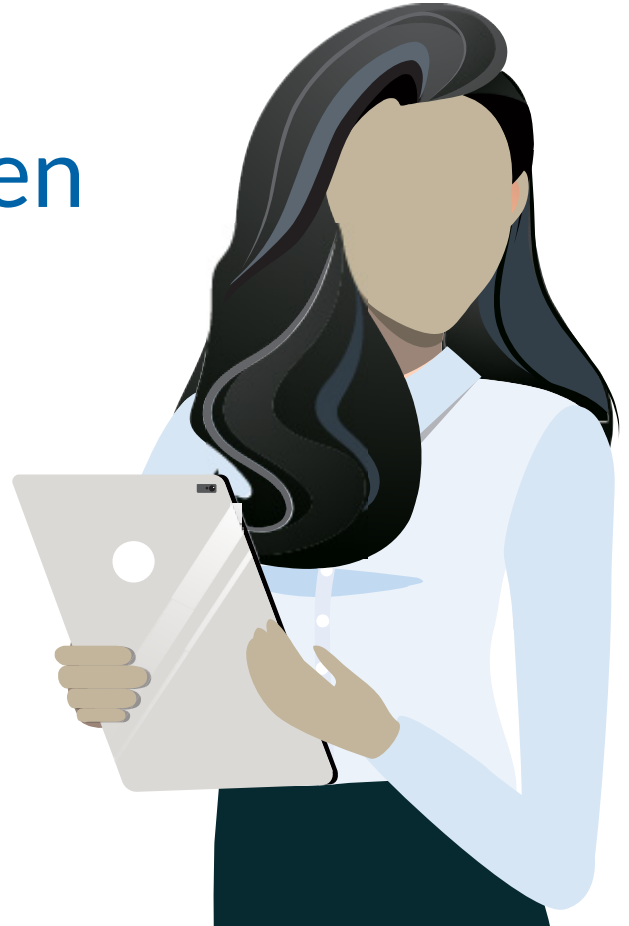


6 Things to Expect When You Have Been Named an Executor

Serving as an executor of a will is a time consuming and challenging prospect. If you take on this role, you will have an array of responsibilities to perform. However, being asked to serve as an executor shows that the deceased trusted you with their affairs following their death and fulfilling that role effectively can feel like a way of honoring their life.



Before assuming the executor's role, make sure you have the bandwidth to serve in this capacity. Depending on the complexity of the estate, the process of settling it can take anywhere from six months to multiple years. It could be helpful to engage with the deceased individual's financial advisor early on as you learn about the role and its responsibilities. As their financial advisor, it is likely they would be aware of the nuances and intricacies of the late person's estate. In addition, if you have a financial advisor, reaching out to them for support as a trusted resource could be beneficial especially if you are set to inherit assets as part of the estate.

If the document and local law allows, you can be paid to fill this role. While your instincts might be to avoid taking money from the estate of a friend or family member, the

services you will provide are valuable for the estate. If the will does not state a specific payment for the executor, state law may dictate the fee that can be charged. In New York, for example, the allowable fee for an executor's services is 5% for estates valued at less than \$100,000.¹ The fee declines incrementally, depending on the size of an estate. For estates valued in excess of \$5 million, the allowable executor fee in New York is 2%.

It is also not unreasonable to let a probate court know you cannot perform the duties required. Many changes may have happened in your life from the time a friend or family member asked you to serve in this role and the moment when their death made it a reality. The court can appoint someone else, if necessary.

If you do have the time and wish to honor the late person's request, the following are the key tasks you will have to perform while settling the estate.

1. GATHER ALL THE NECESSARY DOCUMENTS

The first step will be to get your hands on the original will. Ask family members or the attorney who drafted it to give you the original, so you will know the full extent of the person's expressed wishes. You will also need to file the original will with the probate court in the state/county where the person lived. The probate court oversees the legal process of settling the estate. With the submission of the will, you will also need to include a copy of the death certificate, which can be obtained from the funeral home used by the family.

This process of notifying the court is called "notice of probate" or "petition for probate," and can be done by you or by an attorney you select to work on the estate's behalf. The court will then formally designate you as the executor of the estate and issue letters testamentary, which authorize you to act on behalf of the estate. For any heirs who do not already know, you may also need to inform them of your role.

As additional first steps, you will want to gather the late person's financial statements and records. Aim to have at least the last three years' worth of their bank, credit card, and investment account statements, as well as their tax returns and any life insurance policies. If family members do not have these documents readily available, reach out to the professional advisors who supported them. Family members may know the names of these advisors, or they may appear on statements the late person stored in their personal files.

2. IF NEEDED, ASSEMBLE A TEAM OF ESTATE PLANNING/ADMINISTRATION EXPERTS

Remember, you do not have to do all this alone. If someone's estate is complicated, you can obtain support from professional advisors including estate planning



Make sure you have the time and emotional bandwidth to perform this role.

attorneys, accountants, financial advisors, insurance agents, and bankers, including members of a bank trust department that might have worked with the late person. For example, if the deceased was working with a financial advisor, they might be a dependable resource to lean on, as they are familiar with the wealth and financial circumstances within the estate. The cost for the services of any professional advisors you select can be billed to the estate.

3. LOCATE AND INVENTORY ESTATE ASSETS

You will have to gather the records that indicate the full value of the person's estate. In addition to collecting the financial records noted above, that might mean gathering the deeds and mortgage statements for any real estate and the titles to other assets like vehicles. Once you collect all these details, for most states you will have to submit an inventory of the person's assets to the probate court.

Remember, not all assets have to go through probate. When one or more individuals are designated as the beneficiaries of retirement accounts, like 401(k) plans and IRAs, or life insurance policies, those assets can pass directly to the appointed beneficiaries. Assets held in a living trust can also pass to the trust's beneficiaries. A person named as the trustee of the trust will oversee the trust administration process, but it is a separate role from the estate executor.

4. ADMINISTER THE ESTATE AND MAKE ONGOING PAYMENTS

Before the estate is settled and all assets are distributed to beneficiaries, it will be "in probate." Probate is the part

of our court system which governs the execution of wills, conservatorships, and guardianships to ensure the wishes of the individual who has passed are met.

As a first step, you will want to make sure any organizations that were making payments to or expecting payments from the deceased person are notified of the death. For example, you may have to notify the Social Security Administration and credit companies. Check with an attorney to determine what the relevant state's rules are for notifying creditors of a death. Obtaining multiple copies of the death certificate from the funeral home will help you deliver the proper notification to creditors and other organizations. If no one is still residing in the late person's home, you will also want to let utility companies know they can cease any services that are not necessary to maintain the house until it is sold or passed to beneficiaries.

Ongoing bills, like a mortgage, will also have to be paid while the estate is being settled. If the person made estimated quarterly tax payments, you will need to make sure those taxes are still paid during the probate process. If the person had significant wealth, federal and state estate and/or inheritance taxes may be due. Federal estate taxes are due nine months after the decedent has passed away. The executor will have to make sure those taxes are paid from the estate. To make all these various types of payments, you will likely need to set up a bank account for the estate.

Estate and inheritance taxes apply to everyone but are especially relevant to high-net-worth and ultra-high-net-worth individuals. It is true that federal estate taxes, as of 2023, are assessed only when an individual's estate is worth more than \$12.92 million and double that amount for couples.² Still, 11 states have a state estate tax, five more have an inheritance tax, and one—Maryland—has both (Iowa, however, is currently phasing out its inheritance tax, and it will end in 2025).³ The state estate taxes often begin at much lower levels than the federal threshold. In Massachusetts and Oregon, for example, the state estate tax kicks in for estates valued at just \$1 million or more.^{4,5}

5. ADDRESS ANY FAMILY DISPUTES THAT ARISE FROM THE WILL

Not everyone may be happy with the terms of the will. One beneficiary may be upset that another received a greater share of the estate or a treasured heirloom. As executor, you may be the one who will have to hear those complaints and provide reassurances about what the late person's intentions were. If someone files a dispute, you may have to represent the estate in court. In complicated circumstances, an estate planning attorney may be needed to address the claims made when a will is contested.

6. DISTRIBUTE THE ESTATE ASSETS

Once all the obligations from the estate, like taxes, creditors, and outstanding payments, are met, you will help oversee the process of distributing the estate assets. That will mean making sure payments from retirement accounts or life insurance policies are made to the appropriate beneficiaries or that a house, or the proceeds from the sale of one, is passed to the designated beneficiary or beneficiaries.

Honoring the memory of a loved one

Serving as an executor can be time-consuming and demanding. While meeting all the required administrative tasks, you can take great satisfaction in knowing that you are helping to fulfill the wishes of your



late relative or friend, while also providing an invaluable service to their beneficiaries. Professional advisors are always available to help you navigate the process and make the workload more manageable. If the deceased had a financial advisor or if you have a financial advisor, engaging with them is a great place to start as you work through the requirements and take on the role of executor.

Reach out to your financial advisor to learn more and understand how City National Rochdale can help.

¹ "Executor Fees: What Can You Expect to Pay in 2022," SmartAsset, March 8, 2022

² "What is the Current Estate Tax Limit, Rate and Exemption," The Balance, December 3, 2022

³ "State Tax Chart: Income, Sales, Estate, Inheritance, and Gift Taxes," The Balance, November 30, 2022

⁴ "Massachusetts Estate Tax," SmartAsset, January 18, 2023

⁵ "Oregon Estate Tax," SmartAsset, January 22, 2023

IMPORTANT DISCLOSURES

This document is for general information and education only. It is not meant to provide specific tax guidance. The information in this document was compiled by the staff of City National Rochdale (City National) from data and sources believed to be reliable, but City National makes no representation as to the accuracy or completeness of the information. The opinions expressed, together with any estimates or projections given, constitute the judgment of the author as of the date of the presentation. City National has no obligation to update, modify, or amend this document or otherwise notify you in the event any information stated, opinion expressed, matter discussed, estimate, or projection changes or is determined to be inaccurate.

City National, its managed affiliates and subsidiaries, as a matter of policy, do not give tax, accounting, regulatory, or legal advice. Rules in the areas of law, tax, and accounting are subject to change and open to varying interpretations. Any strategies discussed in this document were not intended to be used, and cannot be used for the purpose of avoiding any tax penalties that may be imposed. You should consult with your other advisors on the tax, accounting and legal implications of actions you may take based on any strategies or information presented taking into account your own particular circumstances.

This presentation is not to be construed as investment advice or as an offer, or solicitation of an offer, to buy or sell any financial instrument. Financial instruments discussed in this presentation may not be suitable for your individual circumstances. You should make your own investment decisions, using an independent advisor if prudent, based on your own investment objective and financial situation.

This presentation (or any portion thereof) may not be reproduced, distributed, or further published by any person without the written consent of City National.

City National Rochdale, LLC, is a SEC-registered investment adviser and wholly owned subsidiary of City National Bank. Registration as an investment adviser does not imply any level of skill or expertise. City National Bank and City National Rochdale are subsidiaries of Royal Bank of Canada.

© 2023 City National Rochdale. All rights reserved.