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Trusted Counsel

TRUST ADMINISTRATION WORKSHOP

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Michael Bates
Sr. Business Development Officer
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AGENDA

You Can Find This Presentation at:
www.pierrolaw.com/resources

- 2024 Gifts and Tax Rates
- Trust Planning Basics
- Trust Funding and Related Tax Issues
 - Revocable
 - Irrevocable
 - Medicaid Changes Coming
- Lifetime Administration
 - Managing as Trustee
 - Rights of Beneficiaries
- Tax Reporting and Accounting During Lifetime
- Trust Administration at Death



2024 TAX RATES

- **GIFTING:** You can gift individuals \$18,000 without filing a gift tax form
Up from \$17K
- **FEDERAL GIFT TAX EXCLUSION:** \$13,610,000
Up from \$12.92mil
- **NYS ESTATE TAX EXEMPTION:** \$6,940,000

**CAUTION – No Exemption if over 105% (\$7,287,000)
THE CLIFF!**

TYPES OF TRUSTS

- Living vs. Testamentary
- Revocable vs. Irrevocable
- Life Insurance Trusts
- Retirement Plan Trusts
- Special Needs Trusts
- Dynasty Trusts
- Asset Protection Trusts
- Beneficiary Controlled Trust



WHO'S WHO IN THE WORLD OF TRUSTS?

- A Trust is a **contract** which creates legal relationships – Grantor hands over assets to Trustee to manage for Beneficiaries
- Grantor
- Trustee
- Lifetime Beneficiaries
- Remainder Beneficiaries

WHAT IS TRUST ADMINISTRATION?

- Provides **lifetime management** of assets
- Allows family to **avoid probate & assure privacy**
- Can be used to **protect assets or reduce taxes**
- Trustee is responsible for managing trust assets and administering the trust- there is a **“fiduciary duty” to beneficiaries**

TRUST FUNDING

An Essential Step in Trust Planning

THE TRUST FUNDING PROCESS

Revocable

- All Assets included- avoid probate
- All bank accounts included

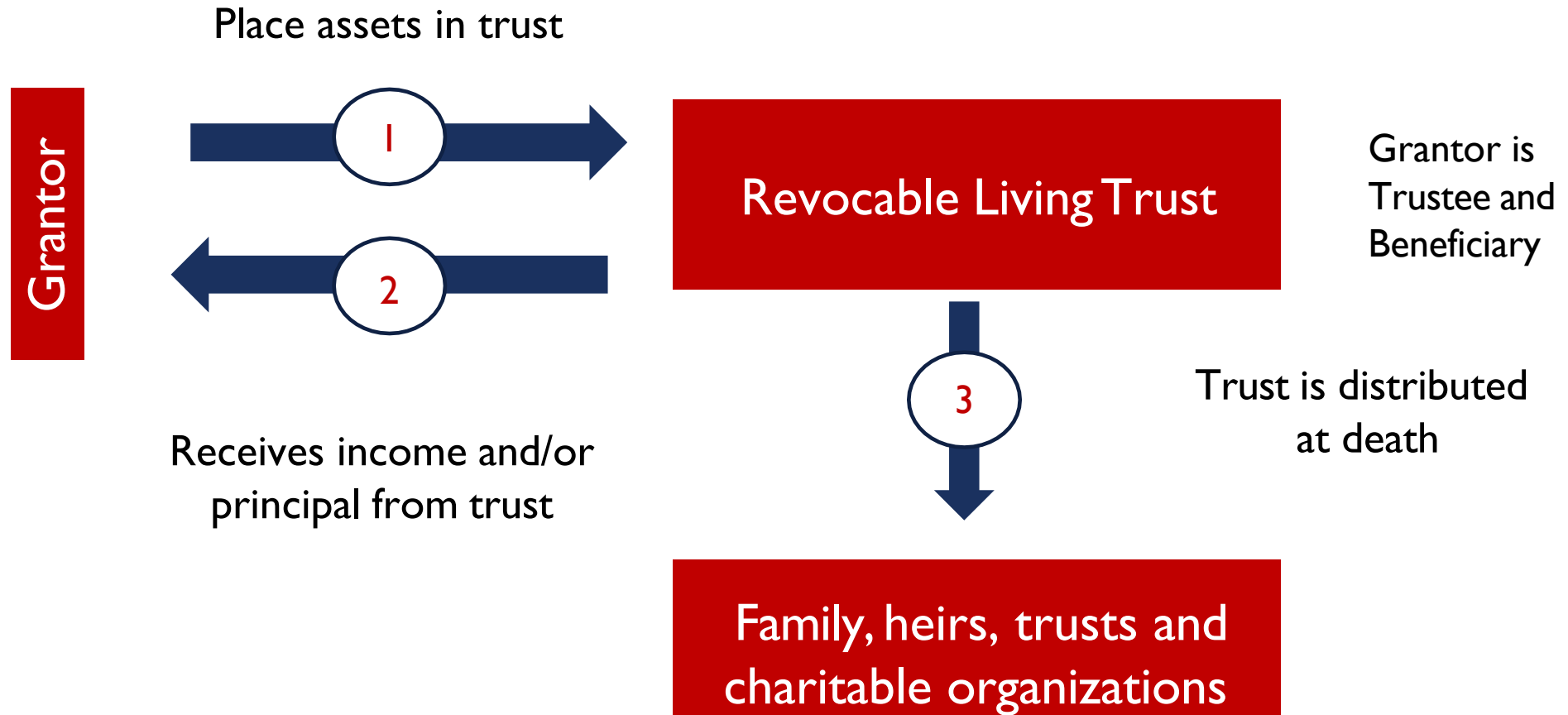
Irrevocable

- Select Assets for inclusion
- Some bank accounts out

EXCEPTION FOR BOTH

- *IRA, 401 (K) – outside trust; beneficiary designations control
All other assets are treated the same

TRUST FUNDING - REVOCABLE TRUST



KEY QUESTIONS ON PAYING FOR LTC

1. Where would you want to live?
2. Who would take care of you?
3. How would you pay for it - \$200K+/yr!

Self-
Insuring

Private LTC
Insurance
+ Life
Products

Medicaid



MEDICAID: YOUR HOME...OR THE NURSING HOME?



Chronic Care

- **Nursing home care**
- 5-year lookback
- Transfer penalties = # of mos.
- “Rule of Halves” planning



Community

- **Home health care**
- Assisted living facility
- Medicaid managed long-term
- Care and Adult day care
- No lookback under current rules

MEDICAID HOME CARE



Changes now in effect

- Independent Assessment – not your doctor – determines # of hours care is needed

Expected sometime in 2025:*

- Phase-in of 30-month lookback for asset transfers

*Awaiting NYS DOH Guidance



TRUST FUNDING - IRREVOCABLE TRUST

Medicaid Asset Protection Trust

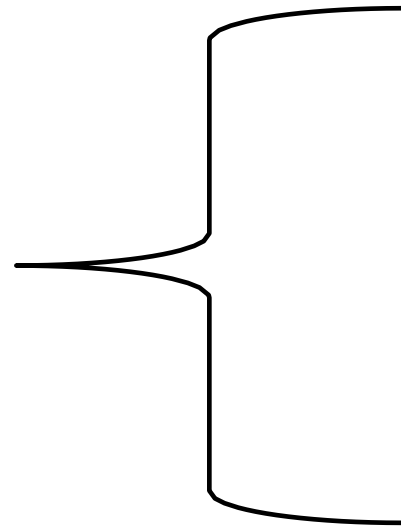
CLIENTS



- Trustee – manages trust assets
- Beneficiaries – income & principal
- Client – income for life and rights to use real and personal property
- Heirs = Remaindermen - inherit when trust ends

TRUST FUNDING- IRREVOCABLE TRUST

Home
Bank Accounts
Stocks & Bonds
Annuities
Life Insurance
Business
Real Estate



MAPT

- Income can be paid or accumulated
- Principal can NOT be given back to the Grantor directly
- Principal can be paid to children or others (who can use it for any purpose)

TRUST FUNDING - IRREVOCABLE TRUST

KEEP OUT

Cash

Bank Acct.

IRA, 401(k)

Security Features

- Power to change Trustee
- Power to change beneficiaries
- Can revoke under NY Law with consents

NOW THAT YOU CREATED THE TRUST: THE DAY OF YOUR DOCUMENT SIGNING...



- Once your documents are drafted and carefully reviewed, a document execution will be held
- You will receive originals and copies of documents listed on Form I - “Post Execution Checklist”
- **(See “Your Planning Documents” Form I)**
- Storing and Maintaining your documents

TRUST FUNDING KIT

- A. Trust Funding Letter (see **Form 2**)
- B. Certification of Trust (see **Form 3**)
 - Provided to each Financial Institution
- C. Attorney Certified Copy of your Trust
- D. Trust Funding Worksheet (see **Form 4**)



TRUST FUNDING - PCS

- Tangible Personal Property
 - Assignment – (see **Form 5**)
 - Distribution – (see **Form 6**)
- Real Property
 - Deeds to Trust
- Intangible Personal Property
 - Shares – Corporations
 - Membership Interests – LLC's



TREATMENT OF RETIREMENT ACCOUNTS

- Transfer of retirement accounts would be a taxable event
- **Beneficiary designations must be reviewed & redrafted to coordinate with the Trust**
- SECURE Act effective January 1, 2020 changed the rules
- SECURE Act 2.0 signed by President Biden in 2022



THE SECURE ACT

- Imposes a mandatory 10-year payout for all qualified retirement accounts, including 401(k)s, 403(b)s, etc. (Exceptions for spouse, disabled or chronically ill individual)
- Secure Act 2.0 signed by President Biden:
 - RMD's must be taken by age 73
- Careful consideration must be given to naming trusts as beneficiaries
- Trust Protectors can be used to add flexibility
- All existing Trusts should be reviewed to avoid unintended consequences

TAXATION OF TRUSTS

Marie Stark, Stark & D'Aprile CPAs



STARK & D'APRILE
CERTIFIED PUBLIC ACCOUNTANTS, PC

TRUST & TAX ISSUES

- Separate tax returns
- New tax ID unless Grantor= Trustee- See SS-4 (see **Form 7**)
- Situs of trust- what state to file in
- Different type= different tax considerations
- Determined by terms within trust
 - Grantor
 - Simple
 - Complex
- See “Information for Tax Professionals” – (see **Form 8**)

GIFTS AND THE IMPACT ON THE ESTATE TAX



- Transfers to Trusts can be either completed as gifts or remain in the grantor's taxable estate.
- Income tax rules are different – income on an irrevocable trust can be taxed to the Grantor

Note: Trump individual tax cuts sunset 12/31/25

GRANTOR TRUST

Definition: A trust in which the grantor of the trust is treated as if he or she owns the property outright for income tax purposes

- Separate tax filing
- Income taxes paid by grantor
- No gift tax return if power of appointment is retained

SIMPLE TRUST

Definition: A trust that requires all income to be distributed to non-charitable beneficiaries at least annually.

- Trustee has no discretion
- Income tax paid by beneficiary
- Watch capital gains

COMPLEX TRUST

Definition: A trust that may distribute income or principal to its beneficiaries or make charitable contributions at the trustee's discretion

- Income tax could be shared by trust and beneficiaries
- Beneficiary brackets vs. trust brackets = **planning opportunity**

FEDERAL TRUST AND ESTATE INCOME TAX BRACKET

2024 Estate & Trust Income Tax Bracket

If taxable income is:

Not over \$3,100

\$3,101 but not over \$11,150

\$11,151 to \$15,200 in income

Over \$15,200 in income

The tax is:

10% of taxable income

\$310 plus 24% of the amount over \$3,100

\$2,242 plus 35% of the amount over \$11,150

\$3,659 plus 37% of the amount over \$15,200

3.8% Net Investment Income Tax Surcharge

Taxable Income Above \$15,200

FEDERAL INCOME TAX BRACKET FOR INDIVIDUALS

2024 Income Tax Bracket for Individuals Married/Filing Jointly and Qualifying Widowers

If taxable income is:	The tax is:
Not over \$23,200	10% of taxable income
\$23,201 but not over \$94,300	\$2,320 plus 12% of the amount over \$23,200
\$94,301 to \$201,050 in income	\$10,852 plus 22% of the amount over \$94,300
\$201,051 to \$383,900 in income	\$34,337 plus 24% of the amount over \$201,050
\$383,901 to \$487,450 in income	\$78,221 plus 32% of the amount over \$383,900
\$487,451 in income to \$731,200	\$111,357 plus 35% of the amount over \$487,450
\$731,201 and above	\$196,669 plus 37% of the amount over \$731,200

3.8% Net Investment Income Tax Surcharge

Taxable Income Above \$250,000

FEDERAL INCOME TAX BRACKET FOR INDIVIDUALS

2024 Income Tax Bracket for Single Individuals

If taxable income is:	The tax is:
Not over \$11,600	10% of taxable income
\$11,601 but not over \$47,150	\$1,160 plus 12% of the amount over \$11,600
\$47,151 to \$100,525 in income	\$5,426 plus 22% of the amount over \$47,150
\$100,526 to \$191,950 in income	\$17,168 plus 24% of the amount over \$100,525
\$191,951 to \$243,725 in income	\$39,110 plus 32% of the amount over \$191,950
\$243,726 in income to \$609,350	\$55,678 plus 35% of the amount over \$243,725
\$609,351 and above	\$183,646.25 plus 37% of the amount over \$609,350

3.8% Net Investment Income Tax Surcharge

Taxable Income Above \$200,000

2024 NYS TAX INCOME BRACKETS FOR INDIVIDUALS

2024 NYS Tax Bracket

If taxable income is:	The tax is:
Not over \$8,500	4% of taxable income
\$8,501 but not over \$11,700 in income	\$340 plus 4.5% of the amount over \$8,500
\$11,701 to \$13,900 in income	\$484 plus 5.25% of the amount over \$11,700
\$13,901 to \$80,650 in income	\$600 plus 5.50% of the amount over \$13,900
\$80,651 to \$215,400 in income	\$4,271 plus 6.00% of the amount over \$80,650
\$215,401 to \$1,077,550 in income	\$12,356 plus 6.85% of the amount over \$215,400

The Above is for Single Individuals

2024 CAPITAL GAINS TAX RATES

FEDERAL CAPITAL GAINS TAX RATE THRESHOLDS - INDIVIDUALS

<u>Tax Rate</u>	<u>Taxable Income</u> (Single)	<u>Taxable Income</u> (Married Filing Jointly)
0%	Up to \$47,025	Up to \$94,050
15%	\$47,026 to \$518,900	\$94,051 to \$583,750
20%	Over \$518,900	Over \$583,750

DEFINITION OF INCOME

- Money or property received as current return from a principal asset
- Can sometimes include a portion of receipts from a sale, exchange or liquidation of a principal asset



ALLOCATION TO PRINCIPAL

- Property received
- Money received in exchange for trust's interest
- Money received in total or partial liquidation

DISTRIBUTION PLANNING FOR COMPLEX TRUSTS

- The compressed income tax brackets for trusts require planning
- Uneven tax brackets among beneficiaries, net investment income tax present opportunities and pitfalls
- Year end planning and the 65 day rule to reduce income taxes
- Distributing Capital Gains



LIFETIME ADMINISTRATION

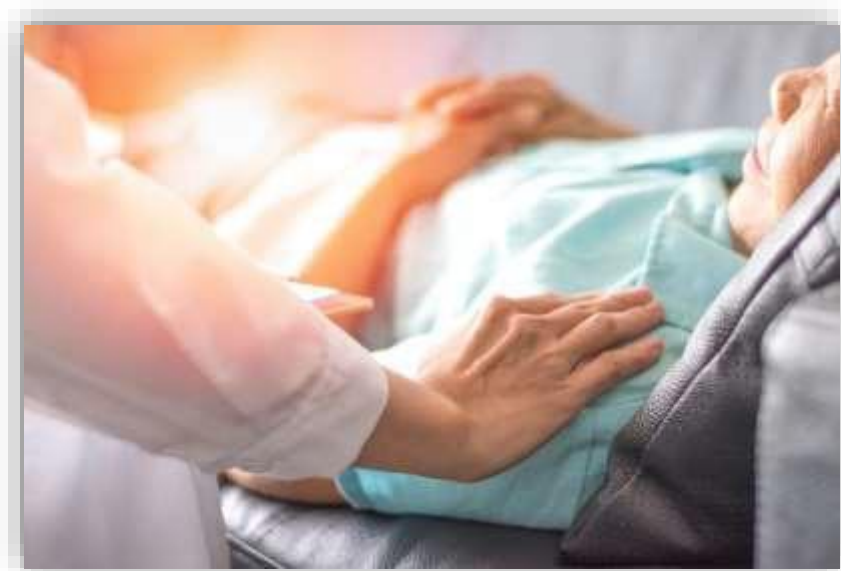


YOUR REVOCABLE TRUST DURING YOUR LIFE

- Grantor= Trustee= Beneficiary > business as usual
- Incapacity
 - Successor Trustee takes over administration
- How is incapacity determined?
 - Physician Affidavit
 - Court Determination
 - Disappearance



YOUR REVOCABLE TRUST DURING YOUR LIFE



- Management of your Assets during Incapacity
 - Provisions to cover your needs and those of your family
 - Administered for Grantor, Spouse and Dependents
 - Consider Special Needs and Spendthrifts
 - Obtain Tax ID #

IRREVOCABLE- MEDICAID ASSET PROTECTION TRUST

- Grantor \neq Trustee During Lifetime
- Income - to Grantor or Remainder Beneficiaries
 - What is income? (Principal & Income Act)
 - Sale of real property- capital gains tax?
- Principal – Remainder Beneficiaries
 - In the Trustee's discretion
 - No restrictions on use of principal distributions

WHO SHOULD BE YOUR TRUSTEE?

- You - Revocable
- Children and Family – Basic Irrevocable
- Corporate Trustee – Complex or Family Issues



TRUSTCO BANK TRUST & INVESTMENT SERVICES



Trustco Bank Wealth Management

Michael Bates
Sr. Business Development Officer

TRUSTCO BANK MENU OF SERVICES

ESTATES

TRUSTS

INVESTMENT MANAGEMENT



TRUSTCO –PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS

Review trust documents and all estate planning documents

- to identify beneficiaries and the plan of distribution the decedent intended
- acquire names, addresses, phone numbers, email addresses and age and social security numbers

As trustee you have the duty to:

- Locate and assemble creditor information, passwords, bank and brokerage, statements, tax information and search all assets whether in trust or not to inventory and take custody of; including Deed(s) Stock Certificates and Life Insurance
- To make required changes to existing accounts and open new accounts if necessary
- To notify Social Security, the post office to forward mail, place of employment and any utilities

TRUSTCO –PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS (cont.)

Determine date of death values

- For securities and real estate and send copies to beneficiaries
- File claims for insurance, social security or veterans benefits
- Determine current bills owed to doctors, hospitals, funeral services
- Estimate cash needs for taxes, fees and other expenses of settling the estate
- Satisfy debts and obtain receipts for claims paid
- If appropriate you have a duty to deny payment of claims and to defend that denial in court

TRUSTCO –PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS

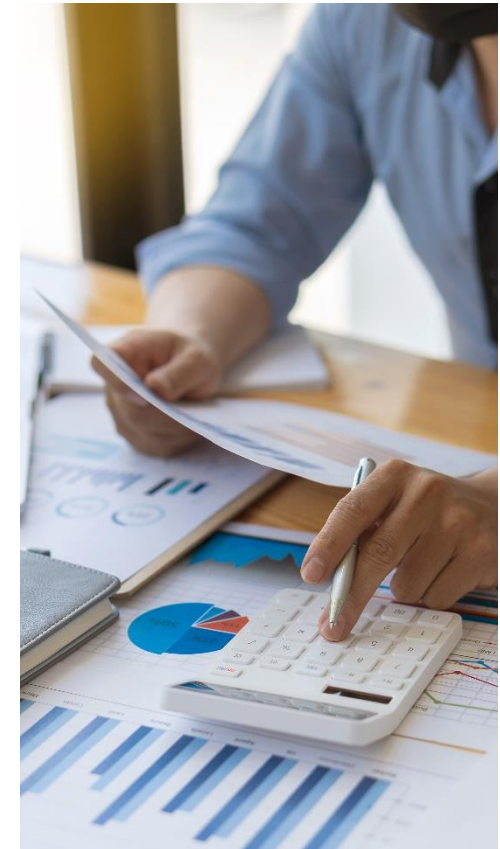
Collect all income, receivable and other money due to the estate

- Maintain accurate records including additions of principal and interest

Manage property(s)

File Tax returns and pay taxes due (1040, 1041, Form 706, Form 4810)

Distribute some or all of the trust assets



TRUSTCO BANK – CORPORATE TRUSTEE SERVICES

- Administer the Trust
- Provide professional investment management of trust assets.
- Uphold the standards of the Prudent Investor Act when managing assets
- Professional review of client or beneficiary needs in conjunction with the trust especially when making trust disbursements
- Preparation of an annual Federal and State informational return for your accountant. Preparation for fiduciary returns are available upon request.

BENEFITS OF USING A CORPORATE TRUSTEE

- Trust administration - a long and complicated process
- Family member can become burdened by the time and attention needed
- A bank and trust company has resources and expertise
- Corporate trustees administer trusts in unbiased manner, can make independent decisions that can be difficult for family members
- Corporate trustees are bonded, insured and highly regulated

TRUSTCO BANK - SERVICES

Estates:

- We can serve as executor, co-executor, successor, and/or agent for the executor
- Work in tandem with Attorney and Accountant in performing administration
- Selecting a qualified executor is a key component of an effective Will

TRUSTCO BANK – SELECTING AN EXECUTOR

Your executor is responsible for safeguarding the assets of your estate; payment of proper debts, contesting improper claims, collecting sums owed to the estate, and filing estate and income tax returns. Your executor must decide what assets to sell and when to pay taxes and estate expenses

Also, your executor needs to make timely and accurate distributions to your beneficiaries or to the trusts you establish for their benefit. The characteristics of an ideal executor include:

- Unquestioned integrity and freedom from personal bias
- Familiarity with special tax questions that arise when an estate is settled
- Professional, full-time investment management of assets in your trust or estate
- Experience in handling all types of assets and unique holdings
- Tax preparation and expertise in dealing with unusual tax situations

TRUSTCO BANK – INVESTMENT MANAGEMENT

- Provide professional investment management and advisory services of trust assets, incorporating an allocation of fixed income and equities
- Customized investment portfolio catered to a client or grantor's needs and wishes with respect to a trust agreement
- Management of both qualified and non-qualified accounts
- Monthly statements
- Provide detailed tax statements of income, expenses and capital gains/losses
- Bill paying services
- Fee schedule incorporates both asset management and trust services

TAX REPORTING & ACCOUNTING

Return Requirements

Revocable = Form 1040

Irrevocable = Form 1041

CALCULATING TAX LIABILITY

- Income
- Less deductions
- Less distributions
- Less exemption



CALCULATING TAX LIABILITY

Income

- Investment earning-interest/ dividends
- Rental real estate
- Business income
- Pass-through income

Deductions

- Legal and accounting fees
- Fiduciary fees
- Interest
- Taxes- TCJA limitation
- Administration expenses

GRANTOR 1041 SIMPLE TRUST - FORM 9

Department of the Treasury—Internal Revenue Service Form 1041 U.S. Income Tax Return for Estates and Trusts Go to www.irs.gov/Form1041 for instructions and the latest information.		2023	OMB No. 1545-0092
A Check all that apply: <input type="checkbox"/> Decedent's estate <input checked="" type="checkbox"/> Simple trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Qualified disability trust <input type="checkbox"/> ESBT (S portion only) <input type="checkbox"/> Grantor type trust <input type="checkbox"/> Bankruptcy estate—Ch. 7 <input type="checkbox"/> Bankruptcy estate—Ch. 11 <input type="checkbox"/> Pooled income fund	For calendar year 2023 or fiscal year beginning _____, 2023, and ending _____, 20____ Name of estate or trust (If a grantor type trust, see the instructions.) PIERRO NON-GRANTOR TRUST Name and title of fiduciary TRUSTEE Number, street, and room or suite no. (If a P.O. box, see the instructions.) 43 BRITISH AMERICAN BLVD. City or town, state or province, country, and ZIP or foreign postal code LATHAM, NY 12110	C Employer identification number 12-3456789 D Date entity created 03/01/2020	E Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions. <input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation <input type="checkbox"/> <input type="checkbox"/> Described in sec. 4947(a)(2)
B Number of Schedules K-1 attached (see instructions) 1	F Check applicable boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Net operating loss carryback <input type="checkbox"/> Change in trust's name <input type="checkbox"/> Change in fiduciary <input type="checkbox"/> Change in fiduciary's name <input type="checkbox"/> Change in fiduciary's address		
G Check here if the estate or filing trust made a section 645 election <input type="checkbox"/> Trust TIN _____			

SCHEDULE K-1

(see **Form 10**)

Schedule K-1 (Form 1041)

2023

Department of the Treasury
Internal Revenue Service

For calendar year 2023, or tax year

beginning ending

Beneficiary's Share of Income, Deductions, Credits, etc.

See back of form and instructions.

Final K-1 Amended K-1 OMB No. 1545-0092

Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items

Part I Information About the Estate or Trust	
A Estate's or trust's employer identification number	12-3456789
B Estate's or trust's name	PIERRO NON-GRANTOR TRUST
C Fiduciary's name, address, city, state, and ZIP code	TRUSTEE 43 BRITISH AMERICAN BLVD. LATHAM, NY 12110

1 Interest income	481	11 Final year deductions	
2a Ordinary dividends	21,019		
2b Qualified dividends	21,019		
3 Net short-term capital gain			
4a Net long-term capital gain			
4b 28% rate gain		12 Alternative minimum tax adjustment	
4c Unrecaptured section 1250 gain			
5 Other portfolio and nonbusiness income			
6 Ordinary business income			
7 Net rental real estate income			
		13 Credits and credit recapture	

1041 – GRANTOR TRUST

(see Form 1041)

Form 1041 Department of the Treasury—Internal Revenue Service U.S. Income Tax Return for Estates and Trusts Go to www.irs.gov/Form1041 for instructions and the latest information.		2023	OMB No. 1545-0092
A Check all that apply:		For calendar year 2023 or fiscal year beginning _____, 2023, and ending _____, 20____	
<input type="checkbox"/> Decedent's estate	Name of estate or trust (If a grantor type trust, see the instructions.)	C Employer identification number	
<input type="checkbox"/> Simple trust	PIERRO GRANTOR TRUST - See Grantor Stmtnt for Grantor(s) name, etc.	12-3456789	
<input type="checkbox"/> Complex trust	Name and title of fiduciary	D Date entity created	
<input type="checkbox"/> Qualified disability trust	TRUSTEE	01/01/2022	
<input type="checkbox"/> ESBT (S portion only)	Number, street, and room or suite no. (If a P.O. box, see the instructions.)	E Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions.	
<input checked="" type="checkbox"/> Grantor type trust	43 BRITISH AMERICAN BLVD	<input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation <input type="checkbox"/>	
<input type="checkbox"/> Bankruptcy estate—Ch. 7	City or town, state or province, country, and ZIP or foreign postal code	<input type="checkbox"/> Described in sec. 4947(a)(2)	
<input type="checkbox"/> Bankruptcy estate—Ch. 11	LATHAM, NY 12110		
<input type="checkbox"/> Pooled income fund			
B Number of Schedules K-1 attached (see instructions)	F Check applicable boxes:	<input type="checkbox"/> Net operating loss carryback	
	<input type="checkbox"/> Initial return	<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return
	<input type="checkbox"/> Change in trust's name	<input type="checkbox"/> Change in fiduciary	<input type="checkbox"/> Change in fiduciary's name
	<input type="checkbox"/> Change in fiduciary's name	<input type="checkbox"/> Change in fiduciary's address	
G Check here if the estate or filing trust made a section 645 election <input type="checkbox"/>		Trust TIN	
Income	1 Interest income	1	
	2a Total ordinary dividends	2a	
	b Qualified dividends allocable to: (1) Beneficiaries _____ (2) Estate or trust _____		
	3 Business income or (loss). Attach Schedule C (Form 1040)	3	
	4 Capital gain or (loss). Attach Schedule D (Form 1041)	4	
	5 Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040)	5	
	6 Farm income or (loss). Attach Schedule F (Form 1040)	6	
	7 Ordinary gain or (loss). Attach Form 4797	7	
	8 Other income. List type and amount _____	8	
	9 Total income. Combine lines 1, 2a, and 3 through 8	9	49
10 Interest. Check if Form 4952 is attached <input type="checkbox"/>	10		
11 Taxes	11		
12 Fiduciary fees. If only a portion is deductible under section 67(e), see instructions	12		
13 Charitable deduction (from Schedule A, line 7)	13		

1041 – GRANTOR REPORT OF INCOME, DEDUCTIONS, CREDITS

(see **Form 12**)

Form 1041		Grantor / Agency Report of Income, Deductions, Credits		2023
		For calendar year 2023, or tax year beginning _____, and ending _____		
Name of trust				Amended Final
PIERRO GRANTOR TRUST				
Grantor's identifying number ***-**-0000		Trust's EIN ► 12-3456789		
Grantor's name, address, and ZIP code		Fiduciary's name, address, and ZIP code		
BENEFICIARY 7 SUNNY LANE LATHAM NY 12110		TRUSTEE 43 BRITISH AMERICAN BLVD LATHAM NY 12110		
Enter the following items on the federal income tax return of the above named individual.				
Portfolio Income:		Expenses/ Deductions:		
Interest	SEE STMT 1	750	Investment interest	
Includes from U.S. obligations			Other interest	4,500
Dividends	SEE STMT 2	2,750	Taxes:	
Includes from qualified dividends		2,750	State / local taxes (including withholding)	
Includes from U.S. obligations			Property taxes paid	7,500
Tax-exempt			Other	
Expenses allocated to tax-exempt income			Foreign tax credit	

TRUST ADMINISTRATION AT DEATH

- I. Paying Bills & Costs
- II. Distributions to Beneficiaries
- III. Tax and Accounting Issues

DURATION OF PROBATE ESTATE ADMINISTRATION

- **No access to assets prior to probate-** court must issue Letters Testamentary- risk of delays
- **Minimum 7 months** for simple estates
- Larger estates with complicated assets average **12-24 months**
- Maximum timeframe: **Unlimited** in the event of litigation or other complications



POTENTIAL PROBATE PITFALLS

- Complicated assets
- Minors
- Incapacitated distributees or beneficiaries
- Predeceased distributees or beneficiaries
- Charities
- Creditors
- Disharmony
- Estate Taxes
- Unknown Heirs (Publication)
- Litigation/ Will contests

COSTS FOR PROBATE & ADMINISTRATION

- Court fees
- Heir search/ publication
- Executors commissions
- Legal Fees
- Service of process
- Bond if needed
- Accountant fees
- Appraisal fees
- GAL if needed
- Litigation expenses if applicable



Trust

VS.

Will

- No probate
- Manages assets during life and provides long term protection
- Provides for successor trustee upon death or incapacity
- Financial affairs remain private

- Probate: cost & delays
- Takes effect after death pursuant to court order
- No provision for incapacity
- May need a guardian or other planning
- No privacy – court papers filed in probate are public record

DISTRIBUTIONS TO BENEFICIARIES

Revocable Trust Administration: First Spouse's Death

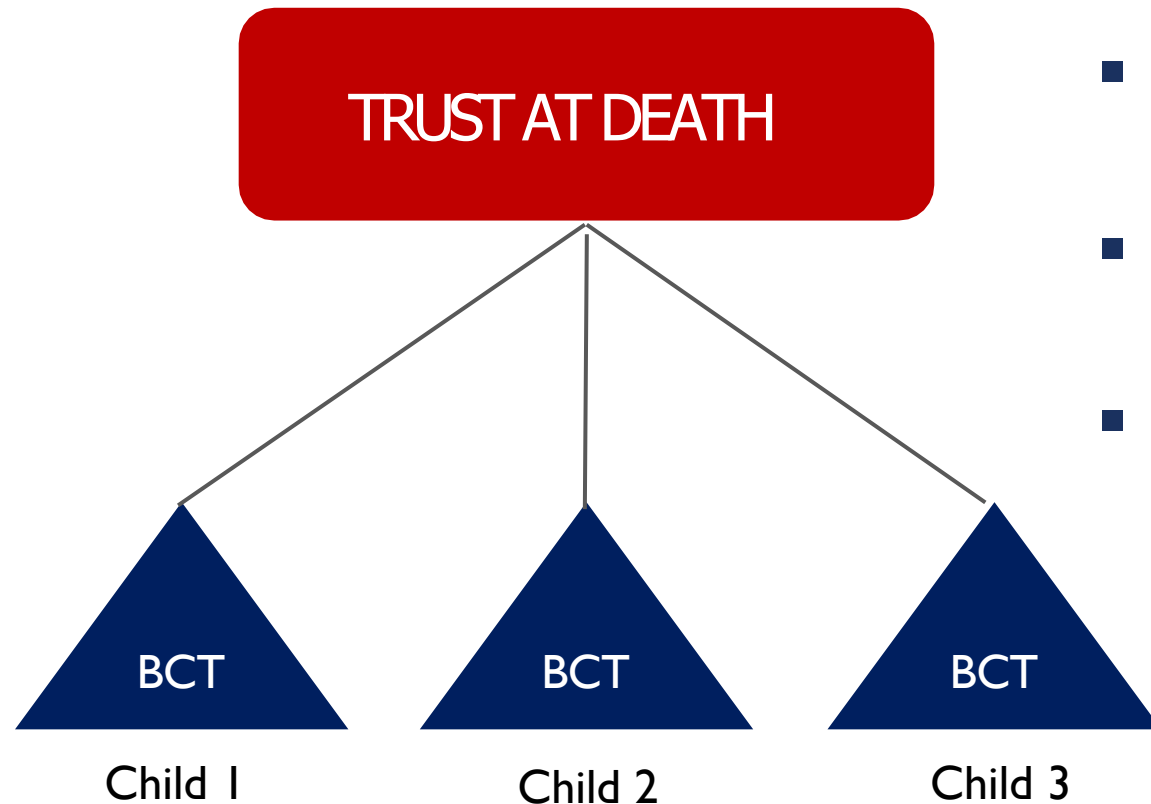
- Generally, all to Survivor- joint trust considerations
- Survivors' credit shelter and marital deduction sub-trusts – tax planning and creditor protection
- Testamentary Trusts (SNT option)
- Funding formula – but laws change
- Disclaimers
- QTIP's

DISTRIBUTIONS TO BENEFICIARIES

At First or Second Spouse's Death

- Outright to children & beneficiaries
- Lifetime Sub-trusts-Beneficiary Controlled Trusts
 - Creditors
 - Divorcing Spouses
 - Spendthrift
 - Predators
 - Government Benefits – Special Needs Trusts
- Beneficiary – income discretionary, unitrust
- Principal – discretionary, HEMS
- Beneficiary as trustee – NY Rule

BENEFICIARY CONTROLLED TRUSTS



- Child can be trustee and beneficiary = Control
- Can use assets for themselves and descendants
- Guarantees the family's legacy- assets stay in the bloodline, exempt from:
 - Divorce
 - Lawsuits
 - Bankruptcy
 - Medicaid

TAX FILINGS AFTER DEATH



- Decedent's final 1040
- Estate 1041
- Estate 706 or ET-706?
 - (claim portability- federal)
- Trust 1041
- Timing issue- if expenses and fees paid late, may lose deductions due to distribution of corpus

ACCOUNTING REQUIREMENT

To whom does the trustee account?

- To each beneficiary that income or principal is required or authorized in the trustee's discretion to be currently distributed

What is accounted for?

- Every incoming and outgoing transaction
- Formal accountings must follow an established format and add costs and delays to the administration of the trust.

Will or Trust can/should waive formal accounting

MAINTAINING YOUR PLAN

- Life Happens! Keep your plan current to account for changes in laws and circumstances
- Maintaining your plan is crucial- what are your options?

P.A.L.M.S.

Professional Advocates Lifetime Maintenance System

(see Form 13 plus brochure)

MAINTAINING YOUR PLAN WITH PALMS

- A comprehensive annual meeting with your attorney from Pierro, Connor & Strauss
- 24/7 Access to clear, concise online dashboard displaying summaries of your legal and financial information through Inheralink
- Analysis, new insights and recommendations that will help your strategy continue its success as changes in life, laws and regulations affect your existing plan
- Direct phone access to your attorney at no additional cost (2 hours a year)
- Immediate access to legal documents, your asset information and values, anywhere, anytime
- Personalized Total Net Worth Statement
- Updates to your financial and personal info and profile with no appointment necessary



NEXT TRUST WORKSHOP

September 2024

Details and Registration Coming Soon

www.pierrolaw.com/events



LifeHappens RADIO

SATURDAYS 11AM - 12PM
WGY 810AM & 103.1FM
ONLINE AT iHEART RADIO
www.lifehappensradio.net



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