

CHOOSING AN EXECUTOR FOR YOUR ESTATE A CRITICAL TASK

Drafting or updating a will is a must for virtually every adult. However, preparing a valid will involves more than just deciding who will receive what part of your estate. Picking an executor—sometimes called a personal representative—who will carry out your instructions is key.

That may sound like a straightforward task, and sometimes it is. But even with your instructions in hand, the executor must make critical decisions, meet court-dictated deadlines, handle finances with dexterity, potentially satisfy squabbling heirs, be financially responsible if the duties aren't carried out well, and spend countless hours slogging through paperwork. This isn't a job to delegate lightly.

When thinking about who you would want to serve as your estate's executor, keep in mind some of the duties they may be required to perform, depending on the state's laws:

- Probating the will, getting a federal tax number for the estate, and perhaps hiring professional assistance such as an attorney or CERTIFIED FINANCIAL PLANNER™ professional.
- Locating all of the estate's assets. Do you have property scattered around the country, life insurance policies here and there, obscure bank accounts?
- Valuing your assets. Valuing stocks and bonds, bank and brokerage accounts, retirement accounts, and insurance policies is fairly easy. Professional appraisals will be needed for jewelry, art, real estate or business interests.
- Identifying which assets will pass through probate and which will pass directly to beneficiaries (not always an easy task).
- Identifying and collecting assets owned to you before you died.
- Identifying and paying any debts owed by the estate. This must be done with care, since the executor could be held responsible for the debts if they aren't paid off properly by the estate.
- Providing living expenses for dependent survivors.
- Paying all court and administrative fees.
- Filing your final personal income-tax returns, the estate's income tax return, and possibly federal and state estate-tax returns. This might require selling certain assets to pay taxes, and perhaps investing the remaining assets.

- Distributing the remaining assets to the designated heirs as directed in your will and closing out the estate to the satisfaction of the court.

For many estates, this is not a simple, easy task. Think carefully about who you would want to carry out these duties. Married couples typically name each other to be executor. This has the obvious advantage of each being familiar with the estate (though that's not always the case). Surviving spouses commonly name their eldest child. Close relatives or friends are also commonly named as executors.

A spouse or the eldest child might indeed be the best choice, but not necessarily. Before naming them or another executor, ask yourself these questions:

- Are they financially competent for the complexity of your estate, well organized, detail-oriented and objective?
- Do they communicate well and get along with the beneficiaries?
- Do they live nearby and do they have the time? The task can take months, even years.
- Do you trust them?
- Have you asked them and are they willing (after you carefully explain their duties)?

Also be sure to check your state laws regarding the naming of an executor. Some states require they live in the state or be a blood relative, for example, which would eliminate naming a friend who lives at the other end of the country.

You also should name a successor executor in the event that the original nominee is unable or, when the time comes, unwilling to perform the duties. Spouses, for example, should always have successor executors in the event of simultaneous deaths.

For particularly complicated estates or estates that might involve substantial estate taxes, consider naming a financial professional as a co-executor. This might be an attorney, CERTIFIED FINANCIAL PLANNER™ professional or bank trust department. Professionals will need to be paid, of course, and you should consider paying the other executor even if it is a relative or friend willing to do it for free. It will take their time and they should be compensated. Executor fees often are fixed by courts, such as three to five percent of the value of the estate. You also may want the estate to have the executor bonded against gross negligence or fraud.