

## ESTATE AND TRUST ADMINISTRATION EXPLAINED, PART I: AN OVERVIEW OF THE PROCESS

In this, the first of a three-part series, I would like to talk about the administration of trusts and estates in somewhat general terms. In future issues, I'll speak more specifically about how the administration process works. But first things first: what do we mean when we talk about estate and trust administration? For the most part, we are simply talking about wrapping up a person's affairs after he or she dies. Whether we are talking about estate administration or trust administration depends on whether the deceased person created a trust prior to his or her death, but the general outline of what needs to be done remains the same:

1. Take stock of and collect the deceased person's assets. What did the deceased person own? The executor or administrator (in the case of an estate) or the trustee (in the case of a trust) will want to know about the nature and extent of these assets, even though they may not be able to collect certain assets (like joint assets, or assets subject to a beneficiary designation).
2. Take stock of the deceased person's debts. This is similar to the above. Careful attention needs to be given to debts that are questionable – can or should they be settled?
3. Use the assets to pay the debts.
4. Distribute (or hold) the remaining assets to (or for) the beneficiaries. For the most part, estates are intended to be short-term affairs. They have to be left open for at least six months (so that creditors have time to file claims), but can generally be closed out soon after that time via final distributions to beneficiaries, so long as no matters (such as an estate tax return or estate-related litigation) are still pending. In the case of a trust, the trustee will focus on holding the remaining assets for the long-term benefit of the beneficiaries, and will need to be concerned about things like investment choices and standards for distributions.

*For more information regarding estate and trust administration, please consult a qualified probate or trust attorney.*

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