

THE WELL-PREPARED FAMILY

How to Choose an Executor

Does your potential executor have the right administrative skills? Experience? Impartiality?



Your new will is almost complete, and you need to appoint an executor to carry out your wishes.* Perhaps you've named an executor but aren't confident about your choice.

It helps to know that both you and the potential executor are clear about what acting as an executor truly means. Not everyone is suited to the role. Even those who are capable may discover that they have neither the time nor the desire to see the job through to completion.

Estate settlement usually takes more than a year, and for large estates the time commitment is more likely four years or longer.

During that time, the executor must carry out a host of duties, such as tracking down assets and creditors, correctly valuing assets and paying debts. The executor is legally responsible for preserving the value of the estate until it is distributed.

Mistakes and delays can cost your heirs a great deal. So to help you choose the right executor to settle your estate, **ask these four questions:**

QUESTION 1

Does your executor have the temperament to handle tedious administrative tasks?

- Settling an estate involves attending to time-consuming clerical chores—sending out notifications, locating accounts, inventorying assets, creating and maintaining records, and satisfying countless seemingly minor but essential requirements.
- These tasks take time and require great patience, tenacity and attention to detail.

QUESTION 2

Does this executor have the right experience?

- Your executor will need a thorough understanding of your holdings and business relationships and must:
- Scrutinize contracts, financial records, tax returns, employment benefit plans, account statements, leases, mortgages and insurance policies
 - Decide which assets to liquidate, which to retain, and how to minimize risk. For assets requiring specialized knowledge, such as art or other collectibles, the executor must either be a specialist or hire one
 - Oversee the accounting for receipts, disbursements, assets and liabilities, and the preparation of income and estate tax returns; manage litigations; defend tax audits; and deal with myriad other challenges

QUESTION 3

Is this executor aware of the risks?

- An executor is obligated to act in the best interests of the estate's beneficiaries, prudently and with due care, and is therefore potentially liable for losses if things go wrong. While not every error is grounds for a lawsuit by beneficiaries, many can be, including:
- Missed tax deadlines
 - Overlooked assets
 - Delays and other actions that diminish the value of the estate or increase costs
 - Violations of conflict-of-interest rules

QUESTION 4

Will your executor be an impartial administrator, trusted by all parties?

- The settling of an estate is almost always a stressful time for a family, coming directly after the loss of a loved one. Disputes may arise over any number of issues, such as:
- Which properties should be sold?
 - How should a business be run?
 - How should bequests that treat family members unequally be managed?
- It is often a relief for the family to have an impartial and independent executor to act as a sounding board, a source of good advice, and who can remain above the fray.

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*Some individuals may be relying on a revocable trust as the principal document directing the disposition of their wealth. In some states, it is customary for the responsibilities of an executor to be carried out by the successor trustee of the revocable trust. Our comments apply equally to the successor who is acting in that capacity.

JOB DESCRIPTION

Executors are required by law to handle all aspects of settling an estate. That includes:

- Coordinating probate, which can be in multiple jurisdictions
- Identifying and taking inventory of all assets and liabilities
- Securing and getting valuations for liquid and illiquid assets, including securities, real estate, artwork, collectibles, business interests, executive benefits and insurance policies
- Developing a plan to satisfy ongoing liquidity needs, making estate and income tax elections, meeting tax deadlines and distributing assets
- Determining the impact of non-probate assets on estate tax
- Choosing which assets to hold, and mitigating risk of loss
- Liquidating assets as necessary
- Managing assets and making interim distributions
- Deciding whether to invest cash reserved for taxes, debts and estate administration expenses
- Paying decedent's debts and estate administration expenses
- Filing estate and income tax returns
- Defending or pursuing lawsuits involving the decedent's or estate's assets
- Ensuring that homeowners, auto and liability insurance policies provide adequate coverage
- Defending valuations and reporting positions in estate tax audits
- Distributing the estate to beneficiaries
- Overseeing the preparation of required accounting

YOUR EXPERIENCED EXECUTOR

Choosing J.P. Morgan to serve as your executor means ensuring your estate and family will be in the care of professionals who draw on our firm's 200 years of experience serving as a fiduciary for every type of estate.

By partnering with J.P. Morgan, you are putting in place complete estate administration services to speed the process from probate to distribution of assets. Those include:

- Estate professionals to take care of the laborious, technical duties
- Investment management to protect the value of your estate along the way

- Tax services, performed in conjunction with a leading accounting firm, including preparation of estate, inheritance, income and transfer tax returns, and responding to tax inquiries and audits
- Specialty asset services for non-financial assets, including closely held businesses, real estate and other esoteric asset types
- Trust services provided by one of the oldest, largest and most stable fiduciary institutions in the United States

Your J.P. Morgan advisors are available to work with you and your other professional advisors to help with all of your estate planning and settlement needs.

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