

Important Information for the Successor Trustee

You have been selected to serve as the Successor Trustee upon the incapacity or death of a prior Trustee. This is an important duty and responsibility. The purpose of this correspondence is to provide you with an outline of the procedures that should be taken upon the incapacity or death of the prior Trustee. The important papers needed to begin either of these processes are located in the Estate Planning Portfolio, behind the Other Documents tab.

INCAPACITY

If you are to act as successor trustee due to the incapacity of the prior Trustee, it is necessary to obtain the statement of two Doctors verifying the Trustee is incapacitated. This is needed to permit you to take over the administration of the Trust. We have the appropriate form for the Doctor to fill out and sign. As soon as you believe the Trustee is unable to handle his/her affairs, contact us immediately. We will prepare the Doctor's statement and forward it to the attending Doctor. When it is returned, we will prepare the other documents necessary for you to continue handling the affairs of the Trust. It is usually a simple matter to continue the day-to-day activities of the Trust.

The Trust contains specific instructions to be followed upon the occurrence of incapacity. We will assist you in making certain that you continue the handling of the Trust as required by the terms of the Trust Agreement.

The Doctors' statement also triggers the appointment of the people named to act for the incapacitated person under the Property Power of Attorney and the Health Care Power of Attorney. If you are also named to act in these documents, we will explain these duties to you as well.

The charges that will be incurred for services in transferring control of the Trust to you as successor trustee are paid by the Trust.

DEATH

Generally, nothing needs to be done in regard to the Trust prior to the funeral of the Trustor. The Estate Planning Portfolio, behind the Estate Planning Letter tab, may contain an outline of the funeral and burial plans to be followed. Funds for this purpose and any other immediate needs can be made available for your use from the various Trust accounts. Contact our office and we will assist in obtaining these funds for your use. After the funeral, you should contact us to obtain the advice and direction that you will need to carry out your duties as Successor Trustee.

If all of the assets have been transferred to the Trust, much of the Estate will be able to be transferred within a short period of time. All debts must be paid and all death taxes (Federal Estate Tax if the Estate is over the exemption for the year of death) must be determined and paid.

IMPORTANT INFORMATION FOR THE SUCCESSOR TRUSTEE

When you contact us, we will discuss the procedural steps that need to be followed. Some of these are as follows:

- Collect information on the value of all assets and determine how each asset is titled, in order to prepare a complete inventory of all the assets of the Trust and Estate;
- If necessary, arrange for an appraisal of certain assets such as real estate, jewelry, etc.;
- If the Estate exceeds the exemption for the year of death, it will be necessary to prepare and file a Federal Estate Tax Return, Form 706. Upon its completion, we will know if there is any tax due the federal government. If there is tax due, payment must be enclosed when the Form 706 is filed. **This Return must be filed within nine months after date of death.** There may be reasons to use the alternate valuation date for federal estate tax purposes, which is six months after the date of death. This determination will be made as to which is the most beneficial to the beneficiaries;
- Pay all unpaid bills of the deceased Trustor;
- Distribute the assets to the appropriate beneficiaries, if required, and obtain receipts for any distributions; and
- Prepare a final accounting for the benefit of the beneficiaries.

If you are acting as the Trustee for an estate of a married couple, there are a number of additional duties, responsibilities and obligations to perform. We will guide you through the proper steps.

As the process continues, we would suggest that you recommend to the beneficiaries of the Trust that they have an estate plan for themselves and their families. As you know, this estate plan has been accomplished through the use of a revocable living trust and other appropriate documents, which we prepared. It is advisable for the beneficiaries to receive their distributions and immediately incorporate them into their estate plans.

The charges that will be made for services in winding up the affairs of the Trust can include the following, provided the services are appropriate or necessary: accountant's fees, appraisal costs, death taxes, and legal fees for services in the performance of the activities described above.

As a practical matter, we have found that the cost of settling a Trust, where all assets are held in the Trust, is substantially less than the cost that would normally be incurred through the probate system. The finalization of that fee will be determined by the work that is necessary to conclude the affairs of the Trust at the time.

This communication may not be used and is not intended or written to be used and cannot be used, by you for the purpose of avoiding penalties that may be imposed on you by the Internal Revenue Service.

MHK

MORRIS, HALL & KINGHORN, P. L. L. C.
A Premier Estate Planning Law Firm

For over forty years, the attorneys at Morris, Hall and Kinghorn, P.L.L.C. have been providing quality estate planning documents for our clients. Helping our clients protect their assets for those that they love has been our goal from the very beginning. We are recognized throughout the Southwest for our expertise in educating individuals about the importance of proper estate planning. We do this through various speaking engagements and seminars; and further, we keep our clients up-to-date through constant communication, complimentary reviews and phone calls and more advanced seminars.

At MHK, we focus on protecting families from the expense and delay of probate, providing long-term care planning options and minimizing tax consequences. We also implement the basic and advanced estate planning strategies for clients and assist in administering clients' estates upon death or disability. As we do no other law other than estate planning, our focused practice allows us to answer the complex questions and concerns consumers have about estate planning.

Morris, Hall, and Kinghorn is staffed with experienced attorneys and paralegals, trained in the complex areas of probate, trust, elder law, life care planning and tax law. The aim of our law firm is to help you, our client, understand the basic principles of estate planning, its importance and why each individual needs a plan. We have helped thousands of individuals secure their assets and eased the mind of them and the families left behind. By taking advantage of the services that MHK has to offer, you can be assured that your legacy and your family will be protected.

If you would like a current schedule of seminars in your area or would like a consultation with an attorney, please visit www.morristrust.com or call toll free 888.222.1328



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