

Building donor relationships



**FORMS**

Estate Administration Procedures Template

PGB2-0801

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WEEK 8

Estate Administration

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| **BACKGROUND** | Estate Administration Process and Procedures |
|  | My Donor Has Died — Now What? |
|  | Notice of Administration/Probate |
|  | Open the File |
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|  | The Distribution is Finally Here |
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|  | Retirement Plans, Life Insurance Policies and Payable-on-Death Accounts |
| **PROJECTS** | Customize Estate Administration Procedures |
|  | Customize Estate Administration Letters |
|  | Put the Process to Use |
| **DOCUMENTS** | PGB2-0801 – Estate Administration Procedures Template |
|  | PGB2-0802 – Estate Administration Template Documents |

**Time required:** 1 hour

**What it covers:** Administration of estate gifts, retirement plan designations and life insurance policy designations.

**Why:** Your charity needs a system to process planned gifts to ensure you collect them all and use them as the donors intend.

**How to get it:** [www.PlannedGivinginaBox.Com/PGB2-0801](http://www.plannedgivinginabox.com/PGB2-0801)

[www.PlannedGivinginaBox.Com/PGB2-0802](http://www.plannedgivinginabox.com/PGB2-0802)

(The first file contains two documents to be printed double-sided on one sheet of paper; the second file contains nine separate letter samples and templates.)

BACKGROUND

Estate administration is the process of collecting gifts to your charity which have been left under a donor’s will, living trust, retirement plan, life insurance policy or other payable-on-death account. The goal is to ensure that you **collect everything** to which your charity is entitled as quickly as possible and put it to use as the donor intended.  
  
  
  
*Estate Administration Process and Procedures*

*As a former estate planning attorney, I can assure you that settling estates and making distributions to charities is a pretty low priority for law firms. But by knowing what you need to do, what documents you should review, and the timeline for estate administration, you can ensure that your charity receives what it should get in a timely way.*

The estate administration process will vary by state, but most states follow a similar set of steps to administer an estate. Your procedures should be designed to work with multiple states. You can download a template for estate administration procedures at [www.PlannedGivinginaBox.Com/PGB2-0801](http://www.plannedgivinginabox.com/PGB2-0801). You will use this template in Project 1 to create your own set of estate administration procedures.

The key to effective estate administration is to develop a time frame for each step and regularly follow up with the parties involved to hasten completion of the process.

*My Donor Has Died – Now What?*

It is always a sad day when we learn of the death of a loyal supporter of our organization. Notification of a donor’s passing can come from a death notice in the newspaper, word of mouth, receipt of a notice of administration of estate and, more recently, by a change in status or notice on a social networking site or tweet.

BEFORE YOU DO ANYTHING ELSE, **independently verify that your donor has actually died** by calling the funeral home, checking the Social Security Death Index, or by checking with members of the community who would know.

You never want to wrongly contact the loved ones of your donor to express condolences only to discover that the donor is alive and well!

The first step for your organization is to send a hand-written note or card to the family of the deceased to express your sympathies. Each note should be custom tailored to the donor and the relationship the donor had with your organization and, in some cases, with you personally.

If the person was known by the Board Chair or the CEO, be sure that each of them also writes a personal note to the family. Most families are deeply appreciative when they receive multiple notes from a charity telling of the importance of the individual to the charity. Ideally these notes will express your sorrow at their loss, how the donor will be missed and how he or she will live on through their generosity to the charity. Including an outcomes-based story about the donor’s philanthropy or an anecdote about his or her work with the charity will bring great comfort to the family at this difficult time.

Be sure to sign the card with **your full name** and **the name of your organization**, so the family is aware of its origin. If you have trouble writing these notes, there are many websites with sample letters of condolence. We have also includes a short note which you can use as a model in [www.PlannedGivinginaBox.Com/PGB2-0802](http://www.plannedgivinginabox.com/PGB2-0802).

*The process of estate administration requires that you make a number of communications of various types discussed here. These range from handwritten personal notes to the donor’s family to formal business letters to lawyers and other professionals. Planned Giving in a Box Module II has provided samples and templates of nine such communications in Download PGB2-0802.*

If the donor was particularly important, contact the family to determine how they want you to share the news with your other constituents. Many charities have an electronic newsletter which can be used to share the sad news of the donor’s passing, highlights of the donor’s life, and information about burial and memorial services, as appropriate. It may seem like a small gesture, but in smaller communities or for charities which engage multiple generations of a single family, these types of gestures show your true appreciation for the donor, provide comfort, and also help to ensure that you are not seen as only there when asking for a gift.

*Notice of Administration/Probate*

If you were named as the beneficiary of an estate or living trust, you will typically receive a Notice of Administration or Probate within 30-60 days of the donor’s death. This notice normally comes from the estate attorney or the personal representative/executor. In the case of a living trust, the notice may be less formal since the court is not involved, and will be sent by the trustee of the trust.

When you receive the Notice, it should include a copy of the will. If it does not, you should request one from the attorney or executor. If he/she is not responsive or willing to share a copy of the will, it can be requested from the courthouse where it has been filed for probate. In the case of a living trust, you are not entitled to a copy of the document, but most trustees will provide you with at least a copy of the section pertaining to your charity.

In order to move the administration process forward, upon receipt of the notice, send a letter thanking the personal representative/executor/trustee/estate attorney (“executor”) and providing the best contact information for your charity. Include with the letter your charity’s complete legal name and address, Form W-9 and your determination letter from the IRS showing your tax exempt status. You can download a template for this letter at [www.PlannedGivinginaBox.Com/PGB2-0802](http://www.plannedgivinginabox.com/PGB2-0802).

It is possible that at some time in the future, after you establish your planned giving program and stewardship society, a donor will pass on who was in your society and you will not receive any correspondence whatsoever. If it has been 120 days and you did not receive a notice, you should contact the family and ask about the estate administration.

A **phone call** is always more personal and appropriate to handle delicate matters like this, but Download PGB2-0802 also includes a template letter you can use for this purpose if you do not have a telephone number or are uncomfortable making the call.

*Open the File*

With the notification in hand, you should now open your estate file. Fill out your estate administration form and timeline ([www.PlannedGivinginaBox.Com/PGB2-0801](http://www.plannedgivinginabox.com/PGB2-0801)) and use it as a checklist for administering the estate.

We recommend you print the form and timeline out on two sides of the same sheet. This facilitates administration by keeping these two important documents together and conveniently to hand.

Fill out the dates on the form and add them to your reminder/calendaring system so that you are sure to move forward proactively in each step of the estate administration process.

*Be Patient, But Not Too Patient*

Once an estate is open, the executor must inventory all of the assets, pay any outstanding debts, and liquidate assets before making distributions. In some cases, when it is clear that the estate is solvent (i.e., will have sufficient assets), the executor may elect to make interim distributions or make outright distributions to beneficiaries of specific amounts.

As a general rule, if you charity is to receive a specific bequest (either a specific dollar amount or a particular asset), you should receive it within 12 months, sometimes sooner. However, if your charity is to receive a percentage of what is left after everyone else has been paid (what is called a residuary bequest or interest), the timeline will be longer. Most estates will file an inventory within 9 months, since that is the deadline for filing the federal estate tax return. Even if the estate is not subject to federal estate tax, the estate will want to have completed the inventory prior to that time to document the fact that an estate tax return is not due.

Most states also have a state inheritance or estate tax, and the due date is frequently 8-9 months after the death of the donor. For that reason, if you do not have a copy of the inventory of the estate and a good estimate of your residuary interest, it is wise to **write the executor and ask** for one after 10 months. The final distribution is usually within 6 months of the completed inventory, unless there are illiquid assets such as real estate or collectibles which take longer to have appraised and sell.

*Receipt and Release*

Prior to your receiving your distribution, the executor should provide you with a receipt and release (sometimes called a release and refunding bond) to execute. Other than the will, **this is the most important estate administration document** and one you should review it carefully with your legal counsel if you are not familiar with it. The Receipt and Release generally states that you have received the funds (or a portion of the funds) you are entitled to from the estate and releases the executor from any liability for that release. It can also include a provision requiring you to return the distribution if the estate runs out of funds and other beneficiaries or creditors are entitled to some of the funds. You can find a letter template you can use to return a Receipt and Release in PGB2-0802.

*The Distribution is Finally Here*

While the loss of any donor is a time for reflection, the arrival of the estate distribution allows you to put the donor’s generosity to work. Before you do, make sure that you send a note thanking the executor and attorney for their work on the estate, explaining how the gift will be used. At that point, process the gift as an estate gift received, record it on both your Planned Giving Activity Tracking Report and your Planned Gift Tracking Report, and put the gift to work as designated by the donor. If the gift is not designated, your charity should have a policy for how undesignated estate gifts are utilized. Many charities designate all unrestricted estate gifts to “Board Designated Endowment,” keeping the principal intact and spending the income for an important purpose. This should be documented in your gift acceptance policy.

*Closing the Estate File*

Once the final distribution has been received, you should close the estate file. It is likely that your auditors will want to review the file during the audit of the fiscal year, so keep the closed file handy. Once the audit is complete, you should archive all closed estate files from the prior year so that you can reference them in the future.

*Retirement Plans, Life Insurance Policies and Payable-on-Death Accounts*

Not all gifts from deceased donors will come from estates or living trusts. A wide variety of financial instruments can have beneficiary designations or be payable on death to your charity. In most cases, you will be designated to receive a set percentage of the remainder or the entire account. Distributions from these types of accounts should be completed very quickly. If your charity was known to be the beneficiary and you have not received any notice (or a check!) within three months, you should follow up directly with the financial institution involved.

Keep in mind that it is possible that your donor changed his or her mind and there will be not gift. It is more likely, however, that the account is laying dormant and a gentle phone call or letter from you will get the person responsible to move forward on the distribution.

PROJECTS

**Project 11: Customize Estate Administration Procedures**

The first step in building your own estate administration process is to download the estate administration form and tracking timeline at [www.PlannedGivinginaBox.Com/PGB2-0801](http://www.plannedgivinginabox.com/PGB2-0801). Customize the form and tracking timeline to your organization so that you are comfortable managing estates using this tool. When the tool is complete, fill in the form and tracking timeline for any estates which are currently open.

**Project 12: Customize Estate Administration Letters**

With the estate administration form and timeline in place, and with a form filled out for each currently open estate, it is time to customize the estate administration letters for your organization. You can download all eight letters in one file at [www.PlannedGivinginaBox.Com/PGB2-0802](http://www.plannedgivinginabox.com/PGB2-0802).

Customize each letter and save it as a template for use as you administer estates.

**Project 13: Put the Process to Use**

The final step is to review your existing list of open estates from Project 1 to determine if any require immediate action. If they do, use the templates created in Project 2 to reach out to the families or estates to move administration forward.

*You may find that you have more pending estates than you realized. To maximize your success, you will want to track the timeline created in Project 1 in a “reminder” or “calendaring” program, to ensure that you do your follow up in a timely way. When you do, estate gifts will come to your organization faster, and you are less likely to forget about smaller estate gifts which might otherwise escape your review.*

DOCUMENT PGB2-0801

Estate Administration Procedures Template

[PRINT THE FOLLOWING TWO DOCUMENTS DOUBLE-SIDED FOR EASIER ADMINISTRATION]

ESTATE ADMINISTRATION FORM

Estate of

**Estate Attorney:**

Name

Firm

Contact Information

**Personal** **Representative/Trustee/Executor:**

Name

Firm

Contact Information

**Information on Deceased:**

Deceased State of Residence at Death

Date of Death Date of Notice

Amount for **[YOUR CHARITY]** ($/%):

Restrictions:

Paragraph of Will/Trust Providing for Gift:

**Estate Administration Timeline AND TRACKING**

|  |  |  |
| --- | --- | --- |
| **Date Projected** | **Description** | **Date Completed** |
| **[DATE OF DEATH]** | Date of Death |  |
| As soon as notified | Send Hand-Written Sympathy Note |  |
| DoD + 30 - 60 Days | Receive Notice of Probate/Administration |  |
| DoD + 120 Days | If No Notice-Inquire With Family |  |
| After receive Notice of Probate | Request Copy of Will and Send Documents to Executor/Attorney |  |
| DoD + 300 days | For Specific Bequest: If No Distribution - Request One |  |
| DoD + 300 days | For Residuary/Percentage Bequest: If No Inventory - Request One and A Partial Distribution |  |
| Date of Inventory + 180 days | For Residuary Bequest: If No Final Distribution - Request One |  |
| For Each Distribution | Receipt and Release One |  |
| For Each Distribution | Receipt and Release Two |  |
| For Each Distribution | Final Receipt and Release |  |
| DoD + 1.5 years (or when completed) | Thank You Letter to Estate  Close Estate File |  |
| Upon Completion of Audit of Fiscal Year in Which Final Estate Distribution is Received | Archive Estate File |  |