



# Estate Administration for Personal Representatives Part 4: Managing the Estate

The video series, “Estate Administration for Personal Representatives,” and the accompanying tip sheets cover the role of the personal representative, filing requirements while the estate is open, tips on managing the estate, how to prepare an Account, claims against the estate, distributing estate assets, and closing the estate. This tip sheet covers the gathering the decedent’s property, handling the decedent’s bank accounts and income taxes, transferring the decedent’s assets to the estate, and paying debts and estate expenses.



## Gather All of the Decedent’s Property

- Gathering property means identifying the property and making sure you have what you need to protect and maintain it.
  - For example, if the decedent owned a house, make sure you have the key.
  - Make sure you have the records and statements for the decedent’s bank accounts, investments, and other accounts.
- Have the estate’s assets appraised.
  - Furs are the only clothing that needs to be appraised.
  - You will need to have all property appraised before giving it away or have permission from the court to get rid of any of the property.

## Decedent’s Bank Accounts

- Close the decedent’s bank accounts and transfer all funds into a new account. Open the new account in the name of the estate.
  - The name of the account will be “Estate of” followed by the decedent’s name.
  - Keep in mind that a bank account may have had a named beneficiary. If an account has a beneficiary, it is not probate property and does not become part of the estate. It automatically passes to the beneficiary.



**Maryland Court Help**

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- You will need to bring certain documents with you to the bank. This may include:
  - the death certificate.
  - letters of administration.
  - the taxpayer identification number, also known as an EIN number.
- You must get a taxpayer identification number for the estate.
  - The decedent's estate is its own entity and is separate from the decedent.
  - You can apply for the taxpayer identification number for free by visiting the Register of Wills website at [registers.maryland.gov](https://registers.maryland.gov).
- Pay estate expenses from the estate bank account.
  - Remember to retain accurate records of all transactions.
  - Learn more under "Estate Expenses" below.
- Deposit estate income into the estate bank account. This could include:
  - Rent
  - Stock
  - Dividends
  - Interest
  - Refunds

### **Transfer the Decedent's Assets to the Estate**

- You cannot continue receiving payments in the decedent's name.
- Regular payments the decedent may have received may include:
  - Social security payments
  - Rental income
  - Payments from investments, such as stock dividends
  - Payment from an employer
- The following should happen with payments in the decedent's name:
  - Stop any social security payments right away.
  - Rental payments need to go to the estate. The tenant should now pay the estate, not the decedent.
  - Notify financial institutions of the decedent's passing.
  - Payments from financial institutions should be transferred to the estate.
  - Deposit all checks and other forms of payment into the estate account, not your own account.
- Reach out to a lawyer if you need help.

## Estate Expenses

- If there are not enough funds in the estate account to pay all of the estate's expenses, you will pay certain expenses first in order of priority. [Maryland law](#) defines the order in which payments should be made.
- Expenses are to be paid in the following order:
  - ❑ Fees due to the Register of Wills
  - ❑ Costs and expenses of administration
  - ❑ Funeral expenses up to \$15,000
  - ❑ Personal representative's commissions, lawyer's fees, and real estate broker's commissions
  - ❑ Family allowances for a spouse or registered domestic partner, and for minor children
  - ❑ Decedent's income taxes
  - ❑ Medical, hospital, and nursing expenses of the decedent's last illness
  - ❑ Decedent's rent due, limited to three months
  - ❑ Wages, salaries, or commissions for services performed for the decedent in the 3 months before the decedent passed
  - ❑ Assistance paid under the Public Assistance to Adults Program
  - ❑ All other claims
- Pay funeral expenses **within 6 months** of the personal representative's appointment. Funeral expenses are limited to \$15,000. To be reimbursed for funeral expenses beyond the \$15,000 allowed, either the Will has to allow for it, or the court has to allow it.
- You may need to handle the decedent's outstanding medical, credit card, and utility bills. You may also need to handle regular expenses, such as a mortgage.
- It is your job as the personal representative to maintain the estate's property, which may include paying the mortgage, utilities, real estate taxes, and insurance for a home that is part of the estate. However, if someone is living in the property, they may be responsible for paying those expenses. If this is your situation, consider talking to a lawyer.
- Family allowances are one-time payments to a spouse, registered domestic partner, or minor child. These expenses are not included in the final distributions to heirs and legatees. These payments take priority over some other claims against the estate (see the list above) and should be paid in order of priority.
  - ❑ A surviving spouse or registered domestic partner may receive an allowance of \$10,000.
  - ❑ An allowance of \$5,000 may be paid to the person taking care of an unmarried minor child of the decedent.. If you have questions about how the allowance for a minor can be used, speak with a lawyer.

## Decedent's Income Taxes

- If the decedent was required to file taxes while alive, you may need to make sure final state and federal tax returns are filed for the year in which they died.
  - ❑ On the final tax return report any income the decedent received before death that year.

- You may also need to file a tax return for the previous year if the decedent had not yet done so.
- You may need to consult with the decedent's accountant or close family members who may have information about their taxes.

### **Records**

- Keep good records. Write down details of what money comes into the estate and the payments you make on behalf of the estate.
- The records you keep will help you prepare an Account, which details all estate transactions. Learn more about filing an Account in Tip Sheet 92 or Part 5 of the video series.