




THE ROLE OF THE EXECUTOR

A 15-Step Guide



As the executor, you are one of the first calls a family will make after the passing of a loved one. You'll be involved in some of the very worst days in their lives, so you'll want to be prepared and make the process as easy as possible for everyone.

Once you agree to be an executor, ask for a copy of the will. Talk to the person about funeral arrangements, the location of important documents, insurance policies, and contact information for the professionals they work with (lawyer, accountant, financial advisor etc.)

Ask for their passwords. Make sure you can access their email, social media accounts, and financial accounts if necessary. Check regularly to see if these have been changed; the person may not think to keep you updated.

Now that you have all that, here are the top things you'll need to do over the next few months.



1. FIND AND REVIEW THE WILL

You'll need to locate this immediately. The will starts the entire executor process rolling and is essential to move forward. Most likely, you'll have been given a copy as the executor or know where it is kept, but you may need a family member to assist you with this.

2. MAKE FUNERAL ARRANGEMENTS

The will may have provisions for funeral arrangements, or the deceased person has pre-planned these details. You'll need to review their final wishes, or you may have to begin the entire process on behalf of the family. You'll need to coordinate the funeral home arrangements, whether there will be a burial or cremation, what kind of service/ceremony will be held, and coordinate any religious accommodations as well.

These expenses are considered "estate expenses" and will be paid for through the estate or directly through the person's bank account, with proper documentation (an invoice or a bill).

You will also need multiple copies of the Death Certificate or the Funeral Director's Statement of Death. Many organizations will require an original copy, not a scanned version.

3. GET PROFESSIONAL COUNSEL

When it comes to reviewing the details of the will, most executors would benefit from consulting with a lawyer and or financial planner. You want to make sure you're approaching the disbursement of funds and assets in the most tax-efficient manner, and you follow all the proper procedures to protect yourself from liability.



4. NOTIFY BENEFICIARIES

Go through the will and contact all the beneficiaries; relatives, friends, charities etc. Many may not even know they were included in the will.

Most charities have forms and processes in place for bequests and gifts and can help you with this. If the charity was notified when the gift was initially planned and had a “planned giving” program, some of this might already be in place.

5. SECURE ESTATE ASSETS

Any assets that are solely in the name of the deceased are considered “estate assets.” Assets held jointly with a spouse, business partner, or friend are considered “non-estate assets” and are dealt with separately.

Estate assets would include money in their bank accounts, life insurance, investments, and any interest they have in another estate or trust.

Notify banks, investment advisors, mortgage holders, credit card companies, and holders of any loans or leases that the deceased person holds. You’ll need a copy of the death certificate, the original will or a notarized copy, and copies of any bills or statements related to each account.

If the estate contains real estate assets, ensure maintenance and upkeep are continued on the properties through the settlement period. Any remaining assets can then be converted to cash and deposited into the estate account.



6. OPEN ESTATE ACCOUNT

To receive payments related to insurance policies or settlement amounts, the executor can open an estate bank account. This account needs to be set up in the name of the deceased person, and it must be clear to the bank that this is NOT your personal money. Usually, these accounts would be set up as “The Estate of.....”

Transfer any funds in existing bank accounts to the estate account and arrange for any income from the estate assets to be deposited here as well. You may want to consult a lawyer, accountant or financial advisor here as well, to discuss how to deal with cash in the account while the estate is settled.

7. SUBMIT WILL OR PROBATE

This process gets the court to confirm that the will is valid and that you have the authority to administer the estate as directed by the will. This process usually takes 6 - 8 weeks in Ontario, depending on how busy the court is.

8. ADVERTISE FOR ESTATE CREDITORS

This is usually done through a public notice posted in local newspapers. Here in Ontario, a service called NoticeConnect allows lawyers and estate trustees to advertise online through a simple portal. It usually takes less than 10 minutes to set up and costs around \$200.



9. CONVERT RESIDUAL REAL ESTATE ASSETS

Any other real estate assets not being distributed to beneficiaries should be converted to cash and deposited into the estate accounts.

10. PAY FINANCIAL OBLIGATIONS

Debts and liabilities will be settled first, and then disbursements will be made from the remaining assets and funds.

11. COMPLETE FINAL TAX RETURNS AND OBTAIN CLEARANCE CERTIFICATE

This is often the most time-consuming part of the process. Executors are responsible for filing a final income tax return for the period of January 1 in the year of death through to the date of death, along with a return for each year in which the estate settlement is happening.

For example, suppose the date of death is October 18, 2021, but the estate is not settled fully until March 30, 2023. In that case, the final tax return will cover January 1 - October 18, 2021, and estate tax returns will need to be filed for 2022 **and** January 1 - March 30, 2023. This is where the professional counsel you received in step 4 will come in handy. Once this is complete, you will receive a Clearance Certificate from the CRA.

A vertical black and white photograph on the left side of the page shows a hand holding a fountain pen, poised to write on a document. The document has some text visible, but it is out of focus. The hand is wearing a light-colored sleeve.

12. DISTRIBUTE INHERITANCE

The will contains details about the various beneficiaries and how the inheritances should be distributed. Consult with a lawyer for disbursements to minors or non-residents. To confirm the inheritance has been received, request receipts from each beneficiary. This can be formal tax receipts from organizations or written confirmation from individuals.

13. MAKE TRUST ARRANGEMENTS

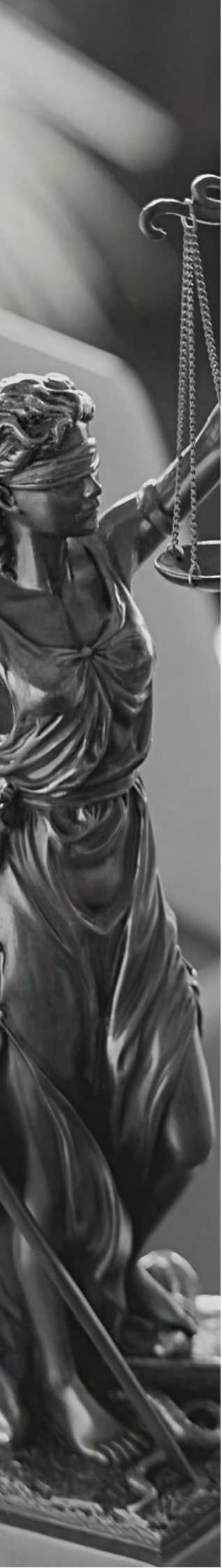
Sometimes wills leave inheritances in trust for beneficiaries, especially those under the age of 18.

You will need to set up these trusts and ensure that they are being managed according to the conditions in the will.

14. PREPARE ESTATE ACCOUNTS

You will need to create complete, detailed statements of all the accounts associated with the estate. Document the closing, transferring, and distributing of funds between accounts, as well as to the beneficiaries. Provide records of all estate expenses and your own compensation details and collect any receipts and records received during the settlement process.

To ensure the paperwork is complete, you may want to work with an accountant for this process. Beneficiaries are entitled to a full accounting of the estate settlement, typically including transaction history and a list of estate assets.



15. CLOSE ESTATE ACCOUNTS

Once all the debts and liabilities have been paid, beneficiaries have received their settlements, you have received compensation for your role as executor, and all tax returns have been filed, you can close the estate accounts.

There are a LOT of steps and tasks here. Working with professional counsel and financial advisors will help you ensure the process goes smoothly and causes the least disruption for family members and loved ones.

This publication is for informational purposes only and shall not be construed to constitute any form of advice. The views expressed are those of the author alone. Opinions expressed are as of the date of this publication and are subject to change without notice and information has been compiled from sources believed to be reliable. This publication has been prepared for general circulation and without regard to the individual financial circumstances and objectives of persons who receive it. You should not act or rely on the information without seeking the advice of the appropriate professional.