PacificCPE

COURSE
40755A

Executor Essentials: Managing Estate Assets, Bills, and Minor Beneficiaries

An executor's responsibilities extend well beyond paperwork—they must actively manage assets, prioritize and pay valid debts, and protect the interests of any minor beneficiaries. This course addresses practical asset management during administration, the rules governing which creditors get paid first, and the special considerations that arise when children inherit property. For CPAs and tax professionals working with estate clients, this course clarifies the financial management duties that directly influence estate liquidity, distributions, and tax planning.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

Start Course ↓ | Final Exam Copy ↓

LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recall the length of a typical probate proceeding.
- Recall at what age guardianships typically end.

Copyright Notice

© 2026 Pacific CPE, LP. All rights reserved.

The materials in this course — including the text, illustrations, exhibits, examples, exam questions, and review questions — are the copyrighted property of Pacific CPE, LP. No portion of this course may be reproduced, stored in a retrieval system, distributed, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of Pacific CPE, LP, except for the personal, non-commercial use of the registered learner.

Pacific CPE, LP grants the registered learner a single-seat, non-transferable license to access this course for the purpose of completing the associated continuing professional education credit. Account credentials may not be shared. Group access requires a separate enterprise license.

This course is provided "as is" for educational purposes. While Pacific CPE, LP makes a reasonable effort to ensure the content is current and accurate, the materials should not be relied upon as a substitute for professional advice. Pacific CPE, LP disclaims all liability for any error, omission, or loss arising from the use of, or reliance on, the course content.

Questions about reproduction, licensing, or use of these materials should be directed to support@pacificcpe.com.

Publication Date: July 2026

TABLE OF CONTENTS

CHAPTER 01

Managing Assets And Paying Bills 4

1.01 Your Legal Duties 4

1.02 Setting Up An Estate Or Trust Bank Account 7

1.03 Managing Cash Accounts And Investments 13

1.04 Digital Assets 14

1.05 Giving Property To Beneficiaries 22

1.06 Handling A Business 24

Test Your Knowledge 27

CHAPTER 02

Caring For Children And Their Property 32

2.01 Immediate Concerns 32

2.02 Raising A Child 33

2.03 Managing A Child'S Property 37

2.04 Personal And Practical Issues 41

Test Your Knowledge 43

Final Exam Copy 50

Index .....

Chapter 1: MANAGING ASSETS AND PAYING BILLS

Chapter Objective

After completing this chapter, you should be able to:

- Recall the length of a typical probate proceeding.

If you're an executor, your most basic obligation is to take good care of the property in the estate until you turn it over to its new owners.

For physical items, this means you must prevent damage, see that they stay in good repair, and keep them adequately insured. For intangible assets—money and investments—you must take reasonable steps to avoid declines in value, which means you must keep an eye on how they're doing and shift investments if that would be prudent. You'll also have to use assets to pay the deceased person's valid debts.

Even if the assets must go through probate, your obligations shouldn't last much more than six months to a year. You won't need to work out a complicated investment strategy or maintain vehicles or real estate over the long term.

YOUR LEGAL DUTIES

As executor, you have control over someone else's money—and as a result, the law imposes a very high standard of behavior on you. The legal term for this is a "fiduciary duty." You must always make decisions about estate property with the best interests of the estate's creditors and beneficiaries in mind.

This section gives some commonsense ways to live up to those requirements when you're handling estate property.

If you follow the rules but the estate suffers a loss—for example, you invest estate assets carefully but they still decline in value—you have done nothing wrong in the eyes of the law. But if you violate your duties, beneficiaries or creditors can go to court and seek to void (cancel) actions that you've taken, have you removed from your post, and make you pay back money you lost or misappropriated. (See "Challenges to the Executor" in Chapter 3 of course 40758B.)

Put the Estate First

The key to avoiding personal liability while serving as an executor is to stay away from any action from which you personally profit. Instead, you must act in the interests of the creditors and beneficiaries.

You can never, for example, sell yourself estate property. You should sell an asset only when doing so is in the best interests of the estate. If you do sell an asset, your job is to get the highest price you can. If you're the buyer, then obviously you have a conflict of interest.

Never lend yourself money from the estate. Even if you pay back the loan quickly, with interest, it is strictly forbidden.

Similarly, you cannot make a deal that benefits someone to whom you are closely related—your spouse, children, or other very close relatives (or their spouses). The law treats these deals just the same as ones that involve you directly.

If you are entitled to pay yourself for serving as executor, keep good records of exactly what the payments are for. Be prepared to explain why the amounts are justified by the amount of work you've put in.

Keep Estate Assets Separate From Your Own

It's never okay to mix estate assets with your own. All income generated by estate property should go into the estate checking account (see below), not your personal account.

Be Fair to All Beneficiaries

If more than one person inherits property, you must be impartial when you deal with them.

Being impartial does not mean treating each beneficiary exactly the same. But giving one beneficiary property more quickly than another without a good reason or violating one beneficiary's privacy by discussing confidential matters with another might cause problems.

To prevent challenges from unhappy beneficiaries, you will want to do two things: First, have good reasons for any distribution you make, and second, write down those reasons. (For more about distributing money to or for the beneficiaries, see Chapter 3 of course 40758B.)

Don't Take Risks

When it comes to managing property and investments, you must act with prudence, which means reasonable skill and caution. The emphasis is on caution: You should be careful with estate money and absolutely stay away from risky investments. Your job is to not lose money. Even if you would invest your own money aggressively, you must apply a more cautious standard to estate money. You should not try to produce the most possible gain—that strategy entails unacceptable risks. (Managing cash, stocks, and other investments in the estate is discussed below.)

Follow the Will's Instructions

A typical will doesn't contain a lot of specific orders. Instead, it grants you, as executor, a long list of powers. For example, you'll probably have authority to hire lawyers and other experts, to pay debts, to sell property, and so on.

But if the will does contain any instructions, you must follow them. For example, if it directs you to sell stocks as soon as possible, you must do so—even if you think the price might improve if you were to wait a month or two. If, however, you think that following the will's directions would definitely cause an unnecessary loss to the estate, you can ask the probate court for permission to chart a different course.

KEEPING GOOD RECORDS

Wrapping up an estate involves a million details, and it's impossible to remember everything. Keeping careful records both of financial matters and of decisions you make will make your life much easier.

Just how detailed you need to be depends on your particular circumstances, both financial and familial. If you're the only beneficiary or you are in a small, close-knit family and you aren't worried about arguments and second-guessing, then don't worry about an elaborate system of formal record keeping. But if you think someone might be looking over your shoulder just waiting to criticize, take more pains to be thorough.

Keep a complete record of any expenses paid by the estate, whether those expenses were paid by check, debit card, electronic bank transfer, or credit card. You can track the expenses using a ledger book or simple software.

Also keep all documents relating to the sale or distribution of assets—for example, bids, bills of sale, and receipts. It's also important to keep copies of all correspondence with banks, insurance companies, government agencies, other institutions, and beneficiaries.

If you do something that might spark disagreement or resentment among beneficiaries, be sure to document it. For example, if you decide you must turn down a beneficiary's request for an early distribution of money, write yourself a little memo and put it in your files. Include exactly what the beneficiary wanted, when you discussed it, how you arrived at your decision, and how you communicated that decision to the beneficiary. Memories fade, and it might help family relationships if you have written evidence of these communications, created at the time the events occurred.

Related Topic

Getting your system up and running. For more on setting up a record-keeping system, see Chapter 1 of course 40752B.

Some Papers to Keep

- Bills
- Correspondence about the estate (letters to and from beneficiaries, for example)
- Tax returns
- Check registers
- Canceled checks (if the bank provides them)
- Anything from the IRS
- Letters from employers regarding the deceased's pension or annuity
- Insurance policies
- Reports to beneficiaries
- Statements from all accounts

SETTING UP AN ESTATE OR TRUST BANK ACCOUNT

Once you have been appointed executor by the probate court, you'll probably want to open a bank account in the name of the estate. Usually, an account for an estate is registered this way, or something similar: "Estate of Gerald S. Smith, Deceased, Pamela S. Smith, Executor."

Caution!

Watch the fees. If you incur bank fees because of your own carelessness—an overdraft charge, for example—you might be personally responsible.

What Kind of Account to Open

You'll want an account that allows you to write checks and pay bills online, so you can pay the deceased person's final bills and court costs and eventually distribute monetary gifts to beneficiaries. Which kind of account is right for you depends on your circumstances.

During a typical probate, which lasts less than a year (though longer in some states, like California), a basic checking account will work. You can deposit any estate income into it and use the funds to pay debts and expenses. If a significant amount of money is involved, try to find an account that pays at least a small amount of interest.

Caution!

Don't open an out-of-state account. If you live in a state other than where the deceased person lived, you might be tempted to open an estate account close to you instead of where the person lived. Don't do it. If the estate earns income in your state, you might have to file a state tax return for that state, too.

Getting a Taxpayer ID Number From the IRS

You'll need a taxpayer ID number to open any bank or investment account because the estate is itself a taxpayer.

To get a number immediately, go to www.irs.gov and apply online or fill in IRS Form SS-4, *Application for Employer Identification Number*, and then call the IRS. (The term "employer identification number"—or EIN—is confusing here because you're not an employer, but estates need the same type of identification number as employers.) Applying for an EIN online is the best option because your EIN is issued immediately, at the end of the session.

You can also fax a completed Form SS-4 to the IRS; you'll receive your EIN in four business days. If you choose instead to mail the form to the IRS, you'll need to wait approximately four weeks to receive your EIN. The online application, SS-4 form, fax number, and mailing address are all available at www.irs.gov. If any of the estate's assets will generate ongoing income (for example, interest earned on savings accounts and CDs, or stock dividends), consider notifying the payor of the estate's EIN. If the estate goes through probate, you'll likely need to file tax returns on behalf of both the deceased person and the estate itself (see Chapter 1 of course 40756B), and having end-of-year forms that accurately show the allocation of income can save you some hassle.

Tip

Make sure you get the name right. Many people use slightly different versions of their names on different documents. If you don't use the correct name—that is, the one used on official ID, bank, and real estate records—when you get the EIN, it will be a hassle to change the name later.

Using the Account

Once you've opened the account, transfer the funds from all the deceased person's bank accounts to it, with these exceptions: Don't touch payable-on-death accounts, which go directly to the named POD beneficiaries and are not part of the estate. Also leave joint tenancy accounts alone; they belong to the surviving joint owner.

If the estate assets produce income, deposit that income in the account as well. Examples are stock dividends or rental income.

You can use the account to pay debts, taxes, and expenses of administration—such as probate court filing fees and lawyer or other professional fees. (Taxes are discussed in Chapter 1 of course 40756B and lawyers' fees are discussed in Appendix C.)

Of course, you must keep good records of every transaction. When you deposit money, note the amount, date, and source or make sure you can access an online record of the deposit. When you write a check, put down the amount, date, recipient's name, and purpose.

If extra money—more than you'll need for expenses over the next few months—starts piling up in the account, you should probably transfer the surplus to a federally insured interest-bearing account or safe investments, such as short-term government obligations. (The discussion of investments, below, explains your duty to stay away from investments that are at all risky.) Any new accounts you open should, of course, be held in the name of the estate.

Caution!

Never mix personal and estate funds. If you ever find it absolutely necessary to pay expenses with personal funds and then reimburse yourself from estate assets, keep meticulous records. For example, say you find yourself at the court clerk's office without the estate checkbook and need to pay a fee. If you write a check from your personal account, be sure to get a receipt and put it in your files. And when you reimburse yourself from the estate account, note exactly why.

MANAGING TANGIBLE ASSETS

What you need to do to keep estate property safe depends on the kind of property—and people—you're dealing with. Again, if you're the only beneficiary, or there are just a few and you all get along, you can be a little more relaxed. But if you're handling a large estate with lots of beneficiaries, you'll need to be businesslike. The important thing is to take prompt, appropriate steps to protect the property, whatever it is.

Tip

Rent space if you need it. You must take good care of physical objects—don't store an antique upholstered chair in a musty garage, for example. If you've got a houseful of items to secure, you might decide to keep the deceased person's house or apartment for a while, or rent a secure storage space. Either way, you can pay reasonable costs from estate assets.

The Deceased Person's Residence

If the deceased person's house is empty, you must maintain and protect it until it's sold or turned over to the inheritor.

Especially when probate is involved (probate can take as long as a year or occasionally even more), taking care of real estate might entail significant expense to the estate. For example, you might need to pay for homeowner's insurance, local property taxes and special assessments, utilities, and the mortgage.

You also have a legal responsibility to keep the property in reasonably good shape. For example, it's your job to get a leaky roof repaired so the interior won't be damaged.

Homeowner's insurance companies usually require you to notify them of a policyholder death within 30 days, though the rules can vary. If you don't notify them in time, they might cancel the policy, and the house won't be covered.

If the Deceased Person Rented

If the deceased person was a tenant, notify the landlord promptly. (See Chapter 1 of course 40752B.) Until the rental property is cleared out, keep the contents secure.

Ask the insurance company to add you (as executor) to the homeowner's policy as a "named insured," which means that you will receive all communication from the company and will pay any premiums due using estate assets. Understand that the deceased's homeowner's policy probably had a clause stating that the insurance will not cover a loss (like damage due to vandalism or accidents) if it happens while the premises are left vacant for a specified period of time. If the home will be vacant, you might want to purchase additional coverage in the form of vacant home insurance. Check the policy if you can, or get in touch with the agent or company to learn the specifics.

In addition, think about day-to-day security issues. If there's a regular gardening or lawnmowing service, keep it coming so the house looks lived-in.

Pay utility bills if needed and put lights on a timer. Enlist the help of neighbors to watch for problems, and consider arranging for a housesitter. If you suspect that an untrustworthy person has keys to the property, change the locks.

If there's a vacation home somewhere, hire someone for a modest monthly fee to keep an eye on it and alert you to any problems or maintenance needs.