1973

After the Funeral : Handling the Personal Estate

Cooperative Extension South Dakota State University

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Recommended Citation
South Dakota State University, Cooperative Extension, "After the Funeral : Handling the Personal Estate" (1973). SDSU Extension Fact Sheets. 903.
https://openprairie.sdstate.edu/extension_fact/903

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after the funeral

by Alverda Lynch, Extension family economics specialist

What personal estate affairs should the survivor be concerned with after the funeral? There are a number of things to cope with, to give assistance to the executor or administrator of the estate.

SOCIAL SECURITY

There are two types of benefits available after the death of an insured person: 1) lump-sum death payment and 2) survivors’ monthly benefit.

In order for survivors to get payments after a worker’s death, the deceased must first have had a social security number and credit for a certain amount of work under social security. Monthly benefits are payable only to certain dependents of the worker, and certain conditions must be met for the lump-sum death payment. Contact the social security representative in your area for specific information in regard to eligibility. The lump-sum benefits must be applied for within two years of death; monthly benefits must be applied for within twelve months.

The lump-sum death payment is made to a widow or widower only if that person has been living with the deceased in the same household, or if the surviving spouse paid the funeral expenses. If there is no eligible widow or widower, the person who paid burial expenses may receive the lump-sum benefit. Or, a person assuming responsibility may request that it be paid to the funeral home toward expenses incurred. This benefit ranges from $132 to a maximum of $255, based on average monthly earnings. The death benefit applies only to those who qualify as previously stated. Dependents to whom monthly payments may be made include:

• A widow at any age if she is caring for an unmarried child under 18 years of age, or a disabled child who became disabled before reaching 18
• A widow 60 or over
• An unmarried child who is a full-time student to age 22
• An unmarried, disabled child — any age — if disability began before age 18

... handling the personal estate...

• An unmarried child under 18
• A dependent widower 62 or over
• A divorced wife, under certain circumstances
• A dependent parent or parents 62 or over
• A remarried widow or widower, under certain circumstances

Payments cannot start until they have been applied for. To do so, contact the social security representative in your area, and take with you such papers as birth certificates of insured and minor children, marriage certificate, withholding slips for previous years work, and the social security number of the deceased. If you do not have these papers, the social security representative will suggest others which can be used for proof.

Do not cash the deceased’s last social security monthly payment check. Take it to the local social security representative, and fill out the appropriate forms. Any needed changes in payment can be explained by the social security officer. If the check is cashed, the survivor must pay it back, and there may be a penalty for doing so.

VETERAN’S BENEFITS

Benefits are available to a veteran’s family in the event of his death. Most counties in South Dakota have a veteran’s service officer who is available for answering questions concerning benefits. Take a copy of the veteran’s discharge papers when you meet with the officer. Various benefits which are available include:

• Burial allowance of $250, usually applied for by the funeral director
• Burial flag — A United States flag suitable for display on national holidays is presented to the next of kin, depending on the completion of the tour of duty or for a war-time veteran.
• Death pension for a non-service connected disability is given to the widow and minor children, or to dependent parents; the amount depends on their income.
• Death compensation for a service-connected death is automatically granted to the widow and minor children; the amount varies accord-
ing to rank, length of service, and size of family.

- Educational aid for college may be received by surviving children of veterans who were killed during the service; children of veterans who die of non-service connected causes may receive aid to the age of 22.
- A veteran or his wife and minor children may be buried in a National cemetery. This is usually free. If the wife dies first, she may be buried there if her husband signs a paper confirming that he will be buried at her side.
- A headstone or grave marker of granite, white marble, or bronze is available for a serviceman or veteran who is buried in a private cemetery.
- One copy each of such records as marriage, military, divorce, birth, are available free; these are provided for use in support of claims.

BANK ACCOUNTS

If a person has an account in his name only, at the time of death the account is closed and becomes part of his estate. If this occurs there may be some delay in obtaining the funds until probate is completed.

Funds in a joint account between two persons with right of survivorship (one signature required and stated as “or”) go to the survivor named. If death is imminent, a joint owner should transfer funds into a new, singly-owned account. This will eliminate the possibility of being without funds if the account, for any reason, is frozen upon the death of one joint owner. As soon after death as possible, transfer joint funds to a singly-owned account.

SAFE DEPOSIT BOX

A representative of the county treasurer's office must be present before a safe deposit box can be opened by survivors. This is true whether the box is held in joint ownership or by an individual. The county treasurer must inventory the contents of the box within ten days after the owner's death. Copies of the list of contents are sent to Pierre, to the attorney of the estate, and to the survivor, and one is retained in the county treasurer's office. For information about what to keep in a safe deposit box, obtain a copy of Extension Circular 628, "Organizing Family Records and Business Papers."

SAVINGS BONDS

Savings bonds held in co-ownership title of registration (e.g. Joe M. Blow or Sue A. Blow) go to either survivor as sole owner. The bond can be cashed immediately. If the bond registration reads, "Joe M. Blow payable on death to Sue A. Blow," the beneficiary (Sue A. Blow) becomes the sole owner upon death of the registered owner (Joe M. Blow). The money will be paid to Sue A. Blow when she presents a certified copy of the death certificate along with the bond. The actual death certificate should not be used in this case since the copy must be filed with the Federal Reserve Bank.

LIFE INSURANCE

Locate all insurance policies and contact the local agent or the insurance company for assistance. Forms must be signed and decisions made in regard to the settlement option. If a settlement option was selected when the policy was purchased, no new decision is necessary. If an option was not selected you will have a choice to make from five possibilities. The five settlement options are as follows:

- **Lump sum** — the entire face value of the policy is taken in one payment.
- **Interest option** — money is left at interest with the company until the family asks for it.
- **Time option** — a monthly income to last as many years as you wish.
- **Amount option** — a regular income of as much money as you desire until the money and interest are used.
- **Life-time income option** — a regular income guaranteed for the beneficiary's life-time.

Study the five possibilities carefully before making a final decision. If you do not wish to make a final decision immediately, choose the interest option and later change to one of the other options.

In the event of accidental death, study carefully for special accident provisions such as double indemnity.

Life insurance made payable to a beneficiary escapes the South Dakota inheritance tax. If the policy is payable to the estate, however, it is included as part of the total estate and is taxed.

CHECK WITH DECEASED'S EMPLOYER

Check with his employer to learn if the deceased had any company benefits such as a pension, group life and health insurance, workman's compensation, survivor's pension plan, or unpaid wages. The employer will know to whom application must be made for these benefits.

DEBTS

Any debts owed by deceased are paid by the executor or administrator of the estate. Be sure to check for credit life insurance on any outstanding debts.
PAPERS

Missing papers can be a serious handicap to the survivors of the deceased. To avoid this situation, list all important papers and other information pertinent to the handling of an estate. A "family estate record form" for recording estate matters is available from the Cooperative Extension Service at South Dakota State University; for important papers use EC 628.

If you are unable to locate government bonds, send all the information you have — such as series, date of issue, serial number, name and address of registered owner — to the U. S. Treasury Department, Bureau of Public Debt, Division of Loans and Currency, 536 South Clark Street, Chicago 5, Illinois.

Insurance companies or agents can assist with missing policies. The clerk of courts in the county where property is believed to be located can provide a certified copy of the deed record if the actual deed cannot be found. Check with your stock broker in the event that stock certificates are missing.

CLOSING AN ESTATE

The estate cannot be closed for four months from the time it is originally filed in probate court. This provides creditors and others with an interest in the estate a period of time in which to make their interests known. It is fairly easy to close an estate within four months, unless tax problems arise.

EXECUTOR OF THE WILL

A member of a family or a close friend is usually named as executor of the will, although a bank or similar organization may be designated. The person named must give his consent to serve as executor. If a change of executor is desired, the survivor may petition to have someone else appointed.

The executor has certain responsibilities in supervising the affairs of the estate. Among these are the following:

- File the will in probate court.
- Select and retain legal counsel; it is customary to name as counsel for an estate the lawyer who drew the will.
- Aid the attorney in presenting to the court an application for letters testamentary, the oath of the executor, and proof of the legal heirs.
- Assemble, take possession of, and safely hold all personal assets.
- Withdraw bank deposits, locate and assemble securities, and arrange for collection of interest and dividends.
- Collect all debts due to the estate — through litigation if necessary.
- Take charge of real estate if will so provides, ascertain status of taxes and mortgages against property, inspect the condition of the property, and provide for management and collection of rents.
- If life insurance is payable to the estate, file the necessary papers, collect on all policies, and determine what to do with the proceeds.

If no will was drawn, the court will appoint an administrator to handle the estate affairs. Anyone who has an interest in the estate, such as a widow, children, or creditors, can initiate probate proceedings; usually it is the widow or widower who does so. Contact the family attorney, if there is one, for advice and information, as soon as possible after the death. Otherwise, select an attorney to assist with the estate affairs.

SALE OF PROPERTY

Property included in an estate cannot be sold during the probate period without first petitioning the court.

TAXES

A federal estate tax return must be filed if the value of the gross estate is in excess of $60,000 on the date of death. This constitutes an exemption of $60,000; therefore, no return need be filed unless the value of deceased's gross estate exceeds $60,000 at the time of death.

Tax Obligations to Remember

- Federal estate tax
- State inheritance tax — In South Dakota an exemption of $15,000 is allowed to a survivor upon death of the husband or wife. For other exemptions see page 16, Circular 177, "Family Estate Planning."
- Unpaid federal income taxes represent a cash claim against the estate.
- Local property taxes — Property taxes are generally assessed one year, payable the next; therefore, any person who owns real estate may leave upon his or her death one year's property tax to be paid.
- Federal gift tax

Schedule of Payments

- State inheritance tax — due within 12 months after decedent's death
- Federal estate tax — due 15 months from date of death of the decedent (unless extended)
- Federal gift tax — due 15th day of April following close of the calendar year in which gifts
were made. If gifts were made within three years of the date of death, it will be assumed (for tax purposes) that they were given in contemplation of death; the amount is then a part of the taxable estate.

OTHER COSTS

Administration and other estate costs which must be paid before the family may receive any of the estate include:

- Any debts
- Last expenses for illness, funeral, and burial
- Probate or administration expenses such as attorney fee, executor or administrator’s fee, appraiser’s fee, court costs and filing fees, accountant fee, and legal notices and advertisements
- Liquidation expenses for real estate and securities

RETAINING ASSETS

Sylvia Porter, economist and financial writer, suggests three general guides for a widow to observe in handling her assets:

- Turn away high-pressure promoters and swindlers who are ready and waiting to pounce on families.
- Don’t rely too heavily on advice given by family and friends — they mean well, but they are not always well informed.
- Invest only through an independent expert. It is best to consult your banker, lawyer, accountant, investment counselor, or life insurance underwriter.

REFERENCES

The following publications may be obtained at your local county extension office or by writing to the Extension Bulletin Room, South Dakota State University, Brookings, S. Dak. 57006:

- FS 319 — Facts about Funerals
- EC 628 — Organizing Family Records and Business Papers
- C 177 — Family Estate Planning
- Family estate record form

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. Duane Acker, Director of Extension Service, South Dakota State University, Brookings. The South Dakota Cooperative Extension Service in conjunction with South Dakota State University and the United States Department of Agriculture offers educational programs and materials to all people without regard to race, color, religion, sex or national origin, and is an Equal Opportunity Employer.