



PIERRO, CONNOR  
& STRAUSS, LLC

*Trusted Counsel*

# TRUST ADMINISTRATION WORKSHOP

PRESENTED BY:

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TRUSTCO BANK

# THANK YOU TO OUR SPONSOR



**Michael Bates**  
Sr. Business Development Officer  
Trustco Wealth Management

# AGENDA

You Can Find This Presentation at:  
[www.pierrolaw.com/resources](http://www.pierrolaw.com/resources)

- 2025 Gifts and Tax Rates
- Trust Planning Basics
- Trust Funding and Related Tax Issues
  - Revocable
  - Irrevocable
  - Medicaid Changes Coming
- Lifetime Administration
  - Managing as Trustee
  - Rights of Beneficiaries
- Tax Reporting and Accounting During Lifetime
- Trust Administration at Death



# 2025 TAX RATES

- **GIFTING:** You can gift individuals **\$19,000** without filing a gift tax form  
Up from \$17K
- **FEDERAL GIFT TAX EXCLUSION:** **\$13,990,000**  
Up from \$12.92mil
- **NYS ESTATE TAX EXEMPTION:** **\$7,160,000**

## Beware the Cliff!

Tax payable on entire amount if the estate is over 105% of the exemption

Estate = \$7,518,000

Tax Exemption = \$0.00

# TYPES OF TRUSTS

- Living vs. Testamentary
- Revocable vs. Irrevocable
- Life Insurance Trusts
- Retirement Plan Trusts
- Special Needs Trusts
- Dynasty Trusts
- Asset Protection Trusts
- Beneficiary Controlled Trust



# WHO'S WHO IN THE WORLD OF TRUSTS?

- A Trust is a **contract** which creates legal relationships – Grantor hands over assets to Trustee to manage for Beneficiaries
- Grantor
- Trustee
- Lifetime Beneficiaries
- Remainder Beneficiaries



# WHAT IS TRUST ADMINISTRATION?

- Provides **lifetime management** of assets
- Allows family to **avoid probate & assure privacy**
- Can be used to **protect assets or reduce taxes**
- Trustee is responsible for managing trust assets and administering the trust- there is a **“fiduciary duty” to beneficiaries**

# TRUST FUNDING

An Essential Step in Trust Planning



# THE TRUST FUNDING PROCESS

## Revocable

- All Assets included- avoid probate
- All bank accounts included

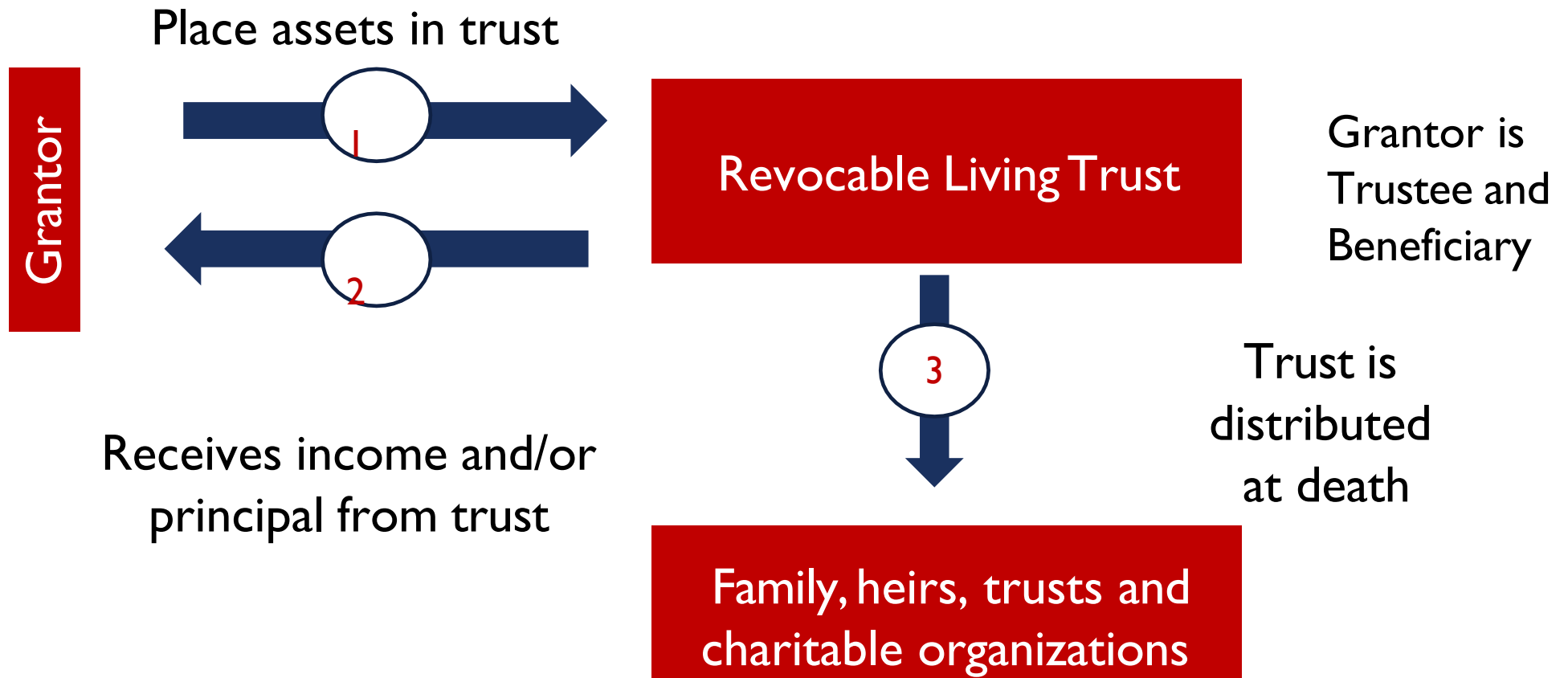
## Irrevocable

- Select Assets for inclusion
- Some bank accounts out

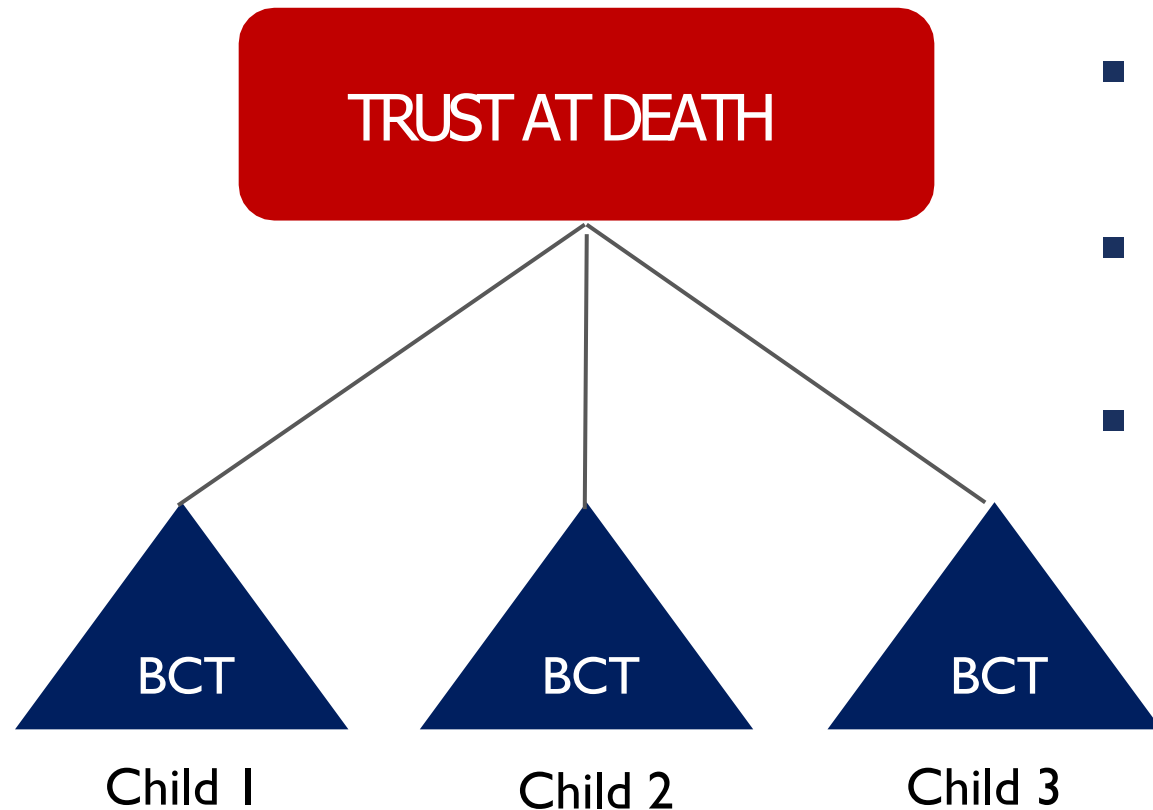
## EXCEPTION FOR BOTH

- IRA, 401(K) – outside trust; beneficiary designations control
- All other assets are treated the same**

# TRUST FUNDING - REVOCABLE TRUST



# BENEFICIARY CONTROLLED TRUSTS



- Child can be trustee and beneficiary = Control
- Can use assets for themselves and descendants
- Guarantees the family's legacy- assets stay in the bloodline, exempt from:
  - Divorce
  - Lawsuits
  - Bankruptcy
  - Medicaid

# TRUSTS CREATED AT DEATH

- Beneficiary Controlled Trusts
- Spendthrift Trusts
- Special Needs Trusts



All Complex  
Trusts

# KEY QUESTIONS ON PAYING FOR LTC

1. Where would you want to live?
2. Who would take care of you?
3. How would you pay for it - \$200K+/yr!

Self-  
Insuring

Private LTC  
Insurance  
+ Life  
Products

Medicaid



# MEDICAID: YOUR HOME...OR THE NURSING HOME?



## Chronic Care

- **Nursing home care**
- 5-year lookback
- Transfer penalties = # of mos.
- “Rule of Halves” planning



## Community

- **Home health care**
- Assisted living facility
- Medicaid managed long-term
- Care and Adult day care
- No lookback under current rules\*

# MEDICAID HOME CARE



## Changes now in effect

- Independent Assessment – not your doctor – determines # of hours care is needed

## Expected sometime in 2025:\*

- Phase-in of 30-month lookback for asset transfers

\*Awaiting NYS DOH Guidance



# TRUST FUNDING - IRREVOCABLE TRUST

## Medicaid Asset Protection Trust

**CLIENTS**

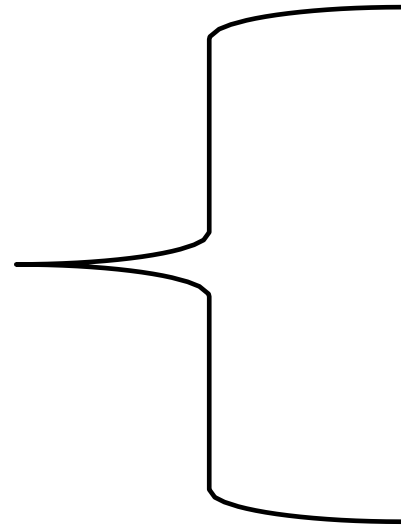


- Trustee – manages trust assets
- Beneficiaries – income & principal
- Client – income for life and rights to use real and personal property
- Heirs = Remaindermen - inherit when trust ends



# TRUST FUNDING- IRREVOCABLE TRUST

Home  
Bank Accounts  
Stocks & Bonds  
Annuities  
Life Insurance  
Business  
Real Estate



## MAPT

- Income can be paid or accumulated
- Principal can NOT be given back to the Grantor directly
- Principal can be paid to children or others (who can use it for any purpose)

# TRUST FUNDING - IRREVOCABLE TRUST

## **KEEP OUT**

Cash

Bank Acct.

IRA, 401 (k)

## Security Features

- Power to change Trustee
- Power to change beneficiaries
- Can revoke under NY Law with consents

# NOW THAT YOU CREATED THE TRUST: THE DAY OF YOUR DOCUMENT SIGNING...



- Once your documents are drafted and carefully reviewed, a document execution will be held
- You will receive originals and copies of documents listed on Form I - “Post Execution Checklist”
- **(See “Your Planning Documents” Form I)**
- Storing and Maintaining your documents

# TRUST FUNDING KIT

- A. Trust Funding Letter (see **Form 2**)
- B. Certification of Trust (see **Form 3**)
  - Provided to each Financial Institution
- C. Attorney Certified Copy of your Trust
- D. Trust Funding Worksheet (see **Form 4**)



# TRUST FUNDING - PCS

- Tangible Personal Property
  - Assignment – (see **Form 5**)
  - Distribution – (see **Form 6**)
- Real Property
  - Deeds to Trust
- Intangible Personal Property
  - Shares – Corporations
  - Membership Interests – LLC's



# TREATMENT OF RETIREMENT ACCOUNTS

- Transfer of retirement accounts would be a taxable event
- **Beneficiary designations must be reviewed & redrafted to coordinate with the Trust**
- SECURE Act effective January 1, 2020 changed the rules for inheritance



# THE SECURE ACT

- Imposes a mandatory 10-year payout for all qualified retirement accounts, including 401(k)s, 403(b)s, etc. (Exceptions for spouse, disabled or chronically ill individual)
- RMD's must be taken by age 73
- Careful consideration must be given to naming trusts as beneficiaries
- Exceptions for spouses, special needs and chronically ill beneficiaries
- All existing Trusts should be reviewed to avoid unintended consequences

# INCOME TAXATION OF TRUSTS

Gretchen Guenther, CPA



Teal, Becker & Chiaramonte™  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS



# TRUST TAXATION – THRESHOLD ISSUES

- Is the trust a separate income taxable entity?
  - Is there a completed gift?
  - Determined by terms within trust
    - Grantor
    - Simple
    - Complex
    - ESBT/QSST
    - Charitable
  - Each type has a different tax considerations
- Situs of trust- what state to file in
- See “Information for Tax Professionals” – (see **Form 8**)

# GRANTOR TRUST

**Definition: A trust in which the grantor of the trust is treated as if he or she owns the property outright for income tax purposes**

- Two Types:
  - Revocable
  - Intentionally Defective Grantor Trusts
- Separate tax filing – Issues a grantor letter
- Income taxes paid by grantor

# SIMPLE TRUST

**Definition: A trust that requires all income to be distributed to non-charitable beneficiaries at least annually.**

- Trustee has no discretion
- Income tax on non-capital gain items paid by beneficiary
- Capital Gains – to distribute or not distribute?

# COMPLEX TRUST

**Definition: A trust that may distribute income or principal to its beneficiaries or make charitable contributions at the trustee's discretion**

- Income tax could be shared by trust and beneficiaries
- Beneficiary brackets vs. trust brackets = **planning opportunity**

# SMALL BUSINESS TRUSTS – S CORP. OWNERSHIP

- **ESBT – Electing Small Business Trust**
  - Multiple beneficiaries
  - Taxable as complex trust
  - Discretionary distributions
- **QSST – Qualified Subchapter S Trust**
  - Solo beneficiary
  - Deemed grantor trust
  - Required income distribution



# DEFINITION OF INCOME

- Money or property received as current return from a principal asset
  - Interest
  - Dividends
  - Rents/Royalties
  - Income from Business interests
- Can sometimes include a portion of receipts from a sale, exchange or liquidation of a principal asset

# ALLOCATION TO PRINCIPAL



- Property received
- Money received in exchange for trust's interest
- Money received in total or partial liquidation

# FEDERAL TRUST AND ESTATE INCOME TAX BRACKET

## 2025 Estate & Trust Income Tax Bracket

### If taxable income is:

Not over \$3,150

\$3,151 but not over \$11,450

\$11,451 to \$15,650 in income

Over \$15,650 in income

### The tax is:

10% of taxable income

\$315 plus 24% of the amount over \$3,150

\$2,307 plus 35% of the amount over \$11,650

\$3,707 plus 37% of the amount over \$15,650

3.8% Net Investment Income Tax Surcharge

Taxable Income Above \$15,650



# FEDERAL INCOME TAX BRACKET FOR INDIVIDUALS

## 2025 Income Tax Bracket for Individuals Married/Filing Jointly and Qualifying Widowers

<b>If taxable income is:</b>	<b>The tax is:</b>
Not over \$23,850	10% of taxable income
\$23,851 but not over \$96,950	\$2,385 plus 12% of the amount over \$23,850
\$94,951 to \$206,700 in income	\$11,157 plus 22% of the amount over \$94,950
\$206,701 to \$394,600 in income	\$35,302 plus 24% of the amount over \$206,700
\$394,601 to \$501,050 in income	\$80,398 plus 32% of the amount over \$394,600
\$501,051 in income to \$751,600	\$114,462 plus 35% of the amount over \$501,050
\$751,601 and above	\$202,154.50 plus 37% of the amount over \$751,600

3.8% Net Investment Income Tax Surcharge

Taxable Income Above \$250,000

# 2024 LONG TERM CAPITAL GAINS TAX RATES

## FEDERAL CAPITAL GAINS TAX RATE THRESHOLDS - INDIVIDUALS

<u>Tax Rate</u>	<u>Taxable Income (Married Filing Joint)</u>	<u>Taxable Income (Trust)</u>
0%	Up to \$96,700	Up to \$3,250
15%	\$96,701 to \$600,050	\$3,250 to \$15,900
20%	Over \$600,050	Over \$15,900

# DISTRIBUTION PLANNING FOR COMPLEX TRUSTS

- The compressed income tax brackets for trusts require planning
- Uneven tax brackets among beneficiaries, net investment income tax present opportunities and pitfalls
- Year end planning and the 65 day rule to reduce income taxes
- Distributing Capital Gains



# LIFETIME ADMINISTRATION

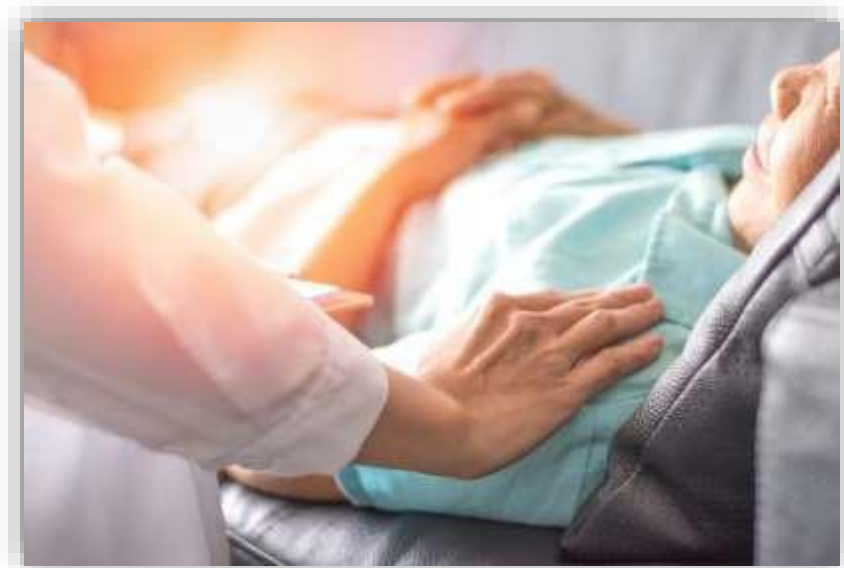


# YOUR REVOCABLE TRUST DURING YOUR LIFE

- Grantor= Trustee= Beneficiary > business as usual
- Incapacity
  - Successor Trustee takes over administration
- How is incapacity determined?
  - Physician Affidavit
  - Court Determination
  - Disappearance



# YOUR REVOCABLE TRUST DURING YOUR LIFE



- Management of your Assets during Incapacity
  - Provisions to cover your needs and those of your family
  - Administered for Grantor, Spouse and Dependents
  - Consider Special Needs and Spendthrifts
  - Obtain Tax ID #

# IRREVOCABLE- MEDICAID ASSET PROTECTION TRUST

- Grantor ≠ Trustee During Lifetime
- Income - to Grantor or Remainder Beneficiaries
  - What is income? (Principal & Income Act)
  - Sale of real property- capital gains tax?
- Principal – Remainder Beneficiaries
  - In the Trustee's discretion
  - No restrictions on use of principal distributions

# WHO SHOULD BE YOUR TRUSTEE?

- You - Revocable
- Children and Family – Basic Irrevocable
- Corporate Trustee – Complex or Family Issues





# TRUSTCO BANK TRUST & INVESTMENT SERVICES



## **Trustco Bank Wealth Management**

**Michael Bates**  
**Sr. Business Development Officer**

# TRUSTCO BANK MENU OF SERVICES

**ESTATES**

**TRUSTS**

**INVESTMENT MANAGEMENT**



# TRUSTCO – PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS

## **A Trustee's Duties - as soon as you are able**

- to identify beneficiaries and the plan of distribution the decedent intended
- acquire names, addresses, phone numbers, email addresses, age and social security numbers of beneficiaries
- gather income and begin paying bills
- locate and assemble creditor information, passwords, bank and brokerage statements, tax information and search all assets including IRAs, pension, real estate and insurance policies
- make address changes to existing accounts and open new accounts if necessary
- contact Social Security, the post office to forward mail, review medical receipts and records, utility, insurance and municipality for tax bills
- set up a routine
- get a handle on funeral arrangement
- meet with investment, insurance, accounting and legal advisors

# TRUSTCO – PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS (cont.)

## **At Death:**

- Notate date of death values for securities (Investment management accounts, stocks, bonds, mutual funds and annuities)
- Appraise Real Estate
- Prepare an accounting for beneficiaries (recent statement of value / supporting statements / plan for proposed distributions / Trusts documents)
- File claims for life insurance, social security or veterans benefits
- Included in your proposed distributions current bills owed to doctors, hospitals, funeral services
- Estimate cash needs for taxes, fees and other expenses of settling the estate
- Satisfy debts and obtain receipts for claims paid
- If appropriate you have a duty to deny payment of claims and to defend that denial in court

# TRUSTCO – PARTIAL CHECKLIST FOR ADMINISTRATION OF TRUSTS

## At Death Continued...

- collect all income, receivables and other money due to the estate
- maintain accurate records including additions of principal and interest
- manage property(s)
- file tax returns (1040, 1041, Form 706, Form 4810) and pay taxes due
- Complete applications for beneficiary funds, Investment accounts and IRAs in new trusts (BCTs)
- Distribute some or all of the trust assets



# TRUST ADMINISTRATION

<b>It's not difficult</b>	<b>The administration work is much more involved and time consuming than I thought</b>
<b>The trust is simple and no more difficult than settling a small estate</b>	<b>What a mess!</b>
<b>I got this!</b>	<b>The questions about moving money, applications and agreements, record keeping, allocating money properly and tax questions is bogging me down.</b>
<b>I'll have it wrapped up in a year</b>	<b>The phone calls and emails I get from Beneficiaries are driving me nuts!</b>  <b>I'm putting my personal goals and own financial management in the back seat.</b>  <b>I spend more time, investment planning for each person and fussing on factors like inflation, tariffs, geopolitical risk, interest and credit risk, to make good fund choices and worry if I am doing enough or if I'll please or disappoint the people I care about.</b>

# TRUSTCO BANK – CORPORATE TRUSTEE SERVICES

- Administer the Trust
- Provide professional investment management of trust and other assets
- Uphold the standards of the Prudent Investor Act when managing assets
- Professional review of client and beneficiary needs in conjunction with the trust especially when making trust disbursements
- Preparation of an annual Federal and State informational return for your accountant. Preparation for fiduciary returns are available upon request.

# BENEFITS OF USING A CORPORATE TRUSTEE

- Trust administration - a long and complicated process
- Family member can become burdened by the time and attention needed
- A bank and trust company has resources and expertise
- Corporate trustees administer trusts in unbiased manner, can make independent decisions that can be difficult for family members
- Corporate trustees are bonded, insured and highly regulated



# TRUSTCO BANK – INVESTMENT MANAGEMENT

- Provide professional investment management and advisory services of trust assets, incorporating an allocation of fixed income and equities (Discretionary + Non-Discretionary)
- Team approach with a planner, investment officer and administrator
- Management of both qualified and non-qualified accounts
- Monthly statements
- Provide detailed tax statements of income, expenses and capital gains/losses (informational return)
- Bill paying services
- Fee schedule incorporates both asset management and trust services

# TAX REPORTING & ACCOUNTING

Return Requirements

Revocable = Form 1040

Irrevocable = Form 1041

# CALCULATING TAX LIABILITY

- Income
- Less deductions
- Less distributions
- Less exemption



# CALCULATING TAX LIABILITY

## **Income**

- Investment earning-interest/ dividends
- Rental real estate
- Business income
- Pass-through income

## **Deductions**

- Legal and accounting fees
- Fiduciary fees
- Interest
- Taxes- TCJA limitation
- Administration expenses

# CALCULATING TAX LIABILITY

- **Distributions**
  - The trust receives a deduction for the amount of distributions paid to the extent the distributions send income to the beneficiary.
- Exemptions:
  - A trust required to distribute all income - \$300
  - Qualified disability trusts - \$5,000
  - All other trusts - \$100

# FORM 1041- FORM 9

<b>Form 1041</b> Department of the Treasury—Internal Revenue Service <b>U.S. Income Tax Return for Estates and Trusts</b> Go to <a href="http://www.irs.gov/Form1041">www.irs.gov/Form1041</a> for instructions and the latest information.		<b>2024</b>	OMB No. 1545-0092
<b>A</b> Check all that apply:		For calendar year 2024 or fiscal year beginning _____, 2024, and ending _____, 20____	
<input type="checkbox"/> Decedent's estate <input type="checkbox"/> Simple trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Qualified disability trust <input type="checkbox"/> ESBT (S portion only) <input type="checkbox"/> Grantor type trust <input type="checkbox"/> Bankruptcy estate—Ch. 7 <input type="checkbox"/> Bankruptcy estate—Ch. 11 <input type="checkbox"/> Pooled income fund	Name of estate or trust (If a grantor type trust, see the instructions.)  Name and title of fiduciary  Number, street, and room or suite no. (If a P.O. box, see the instructions.)  City or town, state or province, country, and ZIP or foreign postal code	<b>C</b> Employer identification number  <b>D</b> Date entity created  <b>E</b> Nonexempt charitable and split-interest trusts, check applicable box(es). See instructions. <input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation . . . <input type="checkbox"/> <input type="checkbox"/> Described in sec. 4947(a)(2)	
<b>B</b> Number of Schedules K-1 attached (see instructions) _____	<b>F</b> Check applicable boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Net operating loss carryback <input type="checkbox"/> Change in trust's name <input type="checkbox"/> Change in fiduciary <input type="checkbox"/> Change in fiduciary's name <input type="checkbox"/> Change in fiduciary's address		
<b>G</b> Check here if this estate or filing trust made a section 645 election . . . . . <input type="checkbox"/>		Trust TIN _____	

# SCHEDULE K-1

(see **Form 10**)

661117  
OMB No. 1545-0092

Final K-1     Amended K-1

**Schedule K-1 (Form 1041)**    **2024**  
Department of the Treasury    For calendar year 2024, or tax year  
Internal Revenue Service

beginning  ending

**Beneficiary's Share of Income, Deductions, Credits, etc.**  
See back of form and instructions.

<b>Part I Information About the Estate or Trust</b>		<b>Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items</b>	
<b>A</b> Estate's or trust's employer identification number		<b>1</b> Interest Income	<b>11</b> Final year deductions
<b>B</b> Estate's or trust's name		<b>2a</b> Ordinary dividends	
<b>C</b> Fiduciary's name, address, city, state, and ZIP code		<b>2b</b> Qualified dividends	
<b>D</b> <input type="checkbox"/> Check if Form 1041-T was filed and enter the date it was filed <input type="text"/>		<b>3</b> Net short-term capital gain	
<b>E</b> <input type="checkbox"/> Check if this is the final Form 1041 for the estate or trust		<b>4a</b> Net long-term capital gain	
<b>Part II Information About the Beneficiary</b>		<b>4b</b> 28% rate gain	<b>12</b> Alternative minimum tax adjustment
<b>F</b> Beneficiary's identifying number		<b>4c</b> Unrecaptured section 1250 gain	
<b>G</b> Beneficiary's name, address, city, state, and ZIP code		<b>5</b> Other portfolio and nonbusiness income	
		<b>6</b> Ordinary business income	
		<b>7</b> Net rental real estate income	
		<b>8</b> Other rental income	<b>13</b> Credits and credit recapture
		<b>9</b> Directly apportioned deductions	
			<b>14</b> Other information
		<b>10</b> Estate tax deduction	

# 1041 – GRANTOR TRUST

(see **Form 11**)

Income	1	Interest income .....	1	
	2 a	Total ordinary dividends .....	2a	
		b Qualified dividends allocable to: (1) Beneficiaries _____ (2) Estate or trust _____		
	3	Business income or (loss). Attach Schedule C (Form 1040) .....	3	↓
	4	Capital gain or (loss). Attach Schedule D (Form 1041) .....	4	
	5	Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040) .....	5	
	6	Farm income or (loss). Attach Schedule F (Form 1040) .....	6	↓
	7	Ordinary gain or (loss). Attach Form 4797 .....	7	
	8	Other income. List type and amount .....	8	
	9 <b>Total income.</b> Combine lines 1, 2a, and 3 through 8 .....	9		
15	10	Interest. Check if Form 4952 is attached <input type="checkbox"/> .....	10	↓
	11	Taxes .....	11	
	12	Fiduciary fees. If only a portion is deductible under section 67(e), see instructions .....	12	
	13	Charitable deduction (from Schedule A, line 7) .....	13	
	14	Attorney, accountant, and return preparer fees. If only a portion is deductible under section 67(e), see instructions .....	14	



# 1041 – GRANTOR REPORT OF INCOME, DEDUCTIONS, CREDITS

(see **Form 12**)

GRANTOR LETTER  
GRETCHEN GUENTHER  
TRUSTEE  
7 WASHINGTON SQUARE  
ALBANY, NY 12205

Tax Year Ending: 12/31/24

Grantor Name & Address	
Social Security Number:	Employer ID Number:

THE FOLLOWING INCOME, DEDUCTIONS AND CREDITS ARE TO BE REPORTED ON THE  
FEDERAL INCOME TAX RETURN OF THE ABOVE NAMED GRANTOR, IF REQUIRED.

FEDERAL INFORMATION	
INCOME	
INTEREST INCOME	10,000.

# TRUST ADMINISTRATION AT DEATH

- I. Paying Bills & Costs
- II. Distributions to Beneficiaries
- III. Tax and Accounting Issues

# DURATION OF PROBATE ESTATE ADMINISTRATION

- **No access to assets prior to probate-** court must issue Letters Testamentary- risk of delays
- **Minimum 7 months** for simple estates
- Larger estates with complicated assets average **12-24 months**
- Maximum timeframe: **Unlimited** in the event of litigation or other complications



# POTENTIAL PROBATE PITFALLS

- Complicated assets
- Minors
- Incapacitated distributees or beneficiaries
- Predeceased distributees or beneficiaries
- Charities
- Creditors
- Disharmony
- Estate Taxes
- Unknown Heirs (Publication)
- Litigation/ Will contests

# COSTS FOR PROBATE & ADMINISTRATION

- Court fees
- Heir search/ publication
- Executors commissions
- Legal Fees
- Service of process
- Bond if needed
- Accountant fees
- Appraisal fees
- GAL if needed
- Litigation expenses if applicable



# Trust

VS.

# Will

- No probate
- Manages assets during life and provides long term protection
- Provides for successor trustee upon death or incapacity
- Financial affairs remain private

- Probate: cost & delays
- Takes effect after death pursuant to court order
- No provision for incapacity
- May need a guardian or other planning
- No privacy – court papers filed in probate are public record

# DISTRIBUTIONS TO BENEFICIARIES

## **Revocable Trust Administration: First Spouse's Death**

- Generally, all to Survivor- joint trust considerations
- Survivors' credit shelter and marital deduction sub-trusts – tax planning and creditor protection
- Testamentary Trusts (SNT option)
- Funding formula – but laws change
- Disclaimers
- QTIP's

# DISTRIBUTIONS TO BENEFICIARIES

## At First or Second Spouse's Death

- Outright to children & beneficiaries
- Lifetime Sub-trusts-Beneficiary Controlled Trusts
  - Creditors
  - Divorcing Spouses
  - Spendthrift
  - Predators
  - Government Benefits – Special Needs Trusts
- Beneficiary – income discretionary, unitrust
- Principal – discretionary, HEMS
- Beneficiary as trustee – NY Rule





# TAX FILINGS AFTER DEATH

- Decedent's final 1040
  - Income and deductions up to the date of death
- Estate 1041 – Estate income tax return
  - Income earned after date of death
- Estate 706 or ET-706 – Estate asset tax return
  - File if estate is over the exemption amounts
  - Federal – may want to file to claim portability

# TAX FILINGS AFTER DEATH

- Form 1041- Trust tax return
- The trust document controls what happens.
- Grantor trust terminates in the eyes of the IRS.
  - New EIN number required (Form 7)
  - Simple or Complex
- Revocable Trust – may elect to file with Estate 1041 return
  - 645 election

# TAX FILINGS AFTER DEATH - DEDUCTIONS

- Estate tax deductions
  - Charity – if leave outright to the charity
  - Funeral Expenses
  - Outstanding Debt
  - Administration expenses of the estate
    - Election to claim expenses on 1041



# ACCOUNTING REQUIREMENT

## **To whom does the trustee account?**

- To each beneficiary that income or principal is required or authorized in the trustee's discretion to be currently distributed

## **What is accounted for?**

- Every incoming and outgoing transaction
- Formal accountings must follow an established format and add costs and delays to the administration of the trust.

***Will or Trust can/should waive formal accounting***

# MAINTAINING YOUR PLAN

- Life Happens! Keep your plan current to account for changes in laws and circumstances
- Maintaining your plan is crucial- what are your options?

## **P.A.L.M.S.**

### ***Professional Advocates Lifetime Maintenance System***

**(see Form 13 plus brochure)**

# MAINTAINING YOUR PLAN WITH PALMS

- A comprehensive annual meeting with your attorney from Pierro, Connor & Strauss
- 24/7 Access to clear, concise online dashboard displaying summaries of your legal and financial information through Inheralink
- Analysis, new insights and recommendations that will help your strategy continue its success as changes in life, laws and regulations affect your existing plan
- Direct phone access to your attorney at no additional cost (2 hours a year)
- Immediate access to legal documents, your asset information and values, anywhere, anytime
- Personalized Total Net Worth Statement
- Updates to your financial and personal info and profile with no appointment necessary



# NEXT TRUST WORKSHOP

**June 2025**

Details and Registration Coming Soon

[www.pierrolaw.com/events](http://www.pierrolaw.com/events)



Life Happens  
Radio  
Saturdays at 9am

**NOW ON SPOTIFY!**





# FREE CONSULTATION



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