

EXECUTOR ERROR PREVENTION CHECKLIST

*Decision Framework for Avoiding Irreversible Mistakes That Create
Permanent Personal Liability*

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WHAT THIS WORKBOOK PREVENTS:

Some executor mistakes can be fixed. Others are permanent. Paying beneficiaries before creditors, missing tax deadlines, selling assets without authorization, destroying property before inventory, and self-dealing create irreversible personal liability. This workbook provides decision-making frameworks to prevent errors you cannot undo.

WHO SHOULD USE THIS:

Newly appointed executors before making any major decisions
Executors facing pressure to distribute assets quickly
Anyone considering buying estate property or engaging in self-dealing
Estate attorneys providing decision frameworks to executor clients

HOW TO USE THIS WORKBOOK:

1. Before distributing any assets, complete the Distribution Safety Checklist
2. Calendar all tax deadlines immediately upon appointment
3. Before selling any property, verify your authority through the decision tree
4. Complete full inventory before disposing of any property
5. Document every decision and the reasoning behind it

CRITICAL UNDERSTANDING:

Executor errors that create personal liability typically result from acting too quickly without proper legal guidance. The cost of professional help upfront is always less than the cost of fixing irreversible mistakes later.

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DISTRIBUTION SAFETY CHECKLIST

NEVER distribute assets to beneficiaries until ALL of these conditions are met. Premature distribution creates personal liability for unpaid creditor claims.

BEFORE DISTRIBUTING ANY ASSETS:

Done?	Required Action
	Published notice to creditors in local newspaper (required by state law)
	Sent direct notice to all known or reasonably ascertainable creditors
	Full creditor claim period has expired (typically 4-6 months from notice)
	All valid creditor claims have been paid or funds reserved for disputed claims
	All estate taxes have been paid or funds reserved for pending tax liabilities
	Final accounting has been prepared showing all distributions
	Court approval obtained for distribution plan (if required in your state)
	Beneficiary waivers signed acknowledging they may need to contribute to future claims

PERSONAL LIABILITY WARNING:

If you distribute assets before creditor claims are settled and creditors later file valid claims, YOU are personally liable for the unpaid debts. Beneficiaries have no legal obligation to return distributed assets. You cannot undo premature distributions.

SAFE DISTRIBUTION AMOUNT:

Total Estate Assets: \$ _____
Minus Known Creditor Claims: \$ _____
Minus Reserved for Disputed Claims: \$ _____
Minus Reserved for Taxes: \$ _____
Minus Executor Fee: \$ _____
Minus 10% Contingency Reserve: \$ _____
SAFE TO DISTRIBUTE: \$ _____

EXECUTOR TAX DEADLINE CALENDAR

Calendar these deadlines immediately. Missing tax deadlines triggers compounding penalties that cannot be reversed.

DATE OF DEATH:

____ / ____ / ____

Filing Deadline	Tax Form	Description	Set?
9 months after death	Form 706	Federal estate tax return (if estate over \$13.61M)	
April 15 following year of death	Form 1040	Decedent's final individual income tax return	
15th day of 4th month after fiscal year end	Form 1041	Estate income tax return (if estate earned income)	
Varies by state	State estate tax	Check your state's estate tax filing requirements	
Quarterly (if applicable)	Form 1041-ES	Estimated tax payments for estate income	

PENALTY CALCULATIONS:

Failure to file: 5% of unpaid taxes per month (max 25%)

Failure to pay: 0.5% of unpaid taxes per month (max 25%)

Interest: Approximately 8% annually, compounded daily

These penalties CANNOT be reversed once deadlines pass.

ASSET SALE AUTHORIZATION DECISION TREE

Selling estate assets without proper authorization creates irreversible personal liability. Use this decision tree BEFORE selling any property.

STEP 1: What type of property are you selling?

Real estate (land, house, commercial property)

Personal property (car, jewelry, household items, stocks)

STEP 2: Does the will grant you independent administration powers?

Check the will for language like: 'I grant my executor full independent administration powers' or 'My executor may act without court supervision' or similar specific statutory language.

Yes - will grants independent powers

No - will does not grant independent powers

Uncertain - language is unclear

STEP 3: Does your state require court approval for real estate sales?

Many states require court approval for real estate sales even if the will grants independent powers. Check with probate attorney.

State requires court approval: YES / NO / UNCERTAIN

DECISION MATRIX:

IF selling personal property AND will grants independent powers:

- You can likely proceed without court approval
- Obtain professional appraisal to document fair market value
- Keep detailed records of sale process and pricing

IF selling real estate:

- ALWAYS consult probate attorney before proceeding
- Obtain court approval unless attorney confirms it's not required
- Get professional appraisal showing fair market value
- Document why sale is necessary and in beneficiaries' best interest

IF will does NOT grant independent powers:

- Obtain court approval before selling ANY property
- File petition with court explaining need for sale
- Notify all beneficiaries of proposed sale

IF uncertain about your authority:

- DO NOT PROCEED with sale until you obtain legal clarity
- Consult probate attorney to review will and state law
- Selling without authority creates irreversible personal liability

CRITICAL WARNING:

If you sell property without proper authorization, the sale may be voidable. Even if it cannot be undone, you can be held personally liable for any loss in value, improper pricing, or failure to maximize estate value. Get legal confirmation of your authority BEFORE selling.

INVENTORY COMPLETION CHECKLIST

DO NOT dispose of, donate, or destroy ANY property until you complete this entire inventory. Missing items create permanent personal liability.

Done?	Property Category to Inventory
	Real property (all owned real estate with addresses and deeds)
	Bank accounts (all financial institutions with account numbers)
	Investment accounts (stocks, bonds, mutual funds, retirement accounts)
	Vehicles (cars, boats, motorcycles with VIN numbers)
	Jewelry and valuables (professionally appraised)
	Collections (coins, stamps, art, antiques - appraised)
	Digital assets (cryptocurrency, domains, online businesses)
	Life insurance policies (policy numbers and beneficiaries)
	Business interests (ownership percentages and valuations)
	Personal property (furniture, electronics, household items)
	All items photographed and documented
	Formal inventory filed with probate court

ONLY AFTER INVENTORY IS COMPLETE:

You may donate or dispose of low-value items documented in the inventory

Keep receipts and records of all dispositions

If beneficiaries later claim valuable items are missing, you have inventory proof

SELF-DEALING PROHIBITION GUIDE

Executors owe fiduciary duty to beneficiaries. ANY transaction where you benefit personally is presumed void unless proven fair through court approval.

PROHIBITED TRANSACTIONS (WITHOUT COURT APPROVAL):

Never	Self-Dealing Transaction	Why It's Prohibited
X	Buying estate property for yourself	Conflict of interest - you want low price, beneficiaries want high price
X	Borrowing money from estate	Using estate assets for personal benefit, even temporarily
X	Selling your property to estate	Conflict - you want high price, estate needs low price
X	Using estate property personally	Living in estate house, driving estate car without paying rent
X	Hiring yourself or your business	Paying yourself beyond executor fee creates conflict
X	Benefiting from estate deals	Receiving kickbacks, commissions, or finder's fees

IF YOU MUST ENGAGE IN ANY OF THESE TRANSACTIONS:

1. Disclose the conflict to all beneficiaries in writing
2. Obtain court approval BEFORE proceeding
3. Get independent professional appraisal of fair market value
4. Document that transaction benefits beneficiaries
5. Have beneficiaries consult independent counsel before approving

DEFENSES THAT DO NOT WORK:

'I paid fair market value' - NOT a defense

'Beneficiaries approved it' - NOT a defense without proper disclosure

'I had good intentions' - NOT a defense

Self-dealing violates fiduciary duty regardless of fairness or consent.

EXECUTOR DECISION DOCUMENTATION LOG

Document every major decision and your reasoning. This protects you from later claims of breach of fiduciary duty.

Date	Decision Made	Reasoning	Approvals Obtained

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*Complete executor guides covering distribution safety, tax compliance,
asset sale authorization, and fiduciary duty protection*

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