

FREE PREVIEW

18 pages of the full 405-page guide - not the paid edition

FREE SAMPLE CHAPTER

BARATELLI INSTITUTE - PRACTITIONER GUIDE SERIES

The Family Office Reference Guide

Build - Operate - Sustain

SAMPLE CHAPTER IN THIS PREVIEW

Chapter 17 -- When a Senior Family Member Dies

18-page preview - drawn from the 405-page full guide

BARATELLI INSTITUTE

Founded by Philip A. Baratelli, CPA, MBA

baratelliinstitute.com

MENTORING AT SCALE

ABOUT THIS FREE PREVIEW

The Family Office, Free Preview

The Family Office Reference Guide is a 405-page operational reference for the practitioners who run, advise, or oversee single- and multi-family offices. Seventeen chapters covering governance, the investment function, accounting and reporting, estate planning, tax coordination, risk, household operations, technology, AI, and the death-of-a-principal playbook. Cited cover-to-cover; OBBBA-integrated; ships with a 30+ tab Excel companion workbook.

This free preview gives you the cover, the full table of contents (so you can see the breadth of the guide), the persona reading paths (so you can find your starting point), and one complete chapter at full quality -- Chapter 17, the death-of-a-principal walkthrough. That chapter is the single most consequential operational reference in the book; if it reads like the others, you know what the full guide is.

Read it the way a practitioner would: skim the TOC, find your role in the persona table, then read Ch 17 cover-to-cover and ask whether you have a written equivalent on file for the family office you serve. If you do not, the full guide is the fastest route to one.

WHAT YOU GET IN THIS PREVIEW

Cover - About This Preview - Table of Contents - Reading Map by Role - one full sample chapter

Sample chapter: Chapter 17 -- When a Senior Family Member Dies (the death-of-a-principal walkthrough).

The full guide is available at baratelliinstitute.com. Single-user license; not for redistribution.

CONTENTS

Table of Contents

About This Guide 7

01. Governance & Family Charter 11

02. Building the Team & Compensation 23

03. The Outsourced Family Office Model 37

04. The Investment Function 50

05. Accounting, Reporting & Operations 70

06. Estate Planning & Wealth Transfer 109

07. Tax Coordination 133

08. Risk Management & Insurance 145

09. Corporate Transparency Act & BOI Compliance 163

10. Household Staff Employment & Retirement Plans 190

11. Financial Education for the Next Generation 240

12. Art & Collectibles Administration 252

13. Real Estate Administration 269

14. Philanthropic & Foundation Management 287

15. Technology & Cybersecurity 300

16. AI in the Family Office 333

17. When a Senior Family Member Dies 352

Regulatory Reference: SEC / IRS / State / DOL / FOX 374

Glossary of Key Terms 385

Index of Terms 391

About the Author 403

CTA/BOI, Ch 10 Household, Ch 11 Education, Ch 12 Art, Ch 13 Real Estate, Ch 14 Philanthropy, Ch 15 Tech & Cyber, Ch 16 AI, Ch 17 Death.

You are...	Read in this order
Founding principal (1st-gen wealth creator)	<ul style="list-style-type: none"> • Ch 3 - The Outsourced Family Office Model • Ch 1 - Governance & Family Charter • Ch 6 - Estate Planning & Wealth Transfer • Ch 7 - Tax Coordination • Ch 4 - The Investment Function • Ch 8 - Risk Management & Insurance <p><i>Then index into operational chapters as the office is built.</i></p>
Family-office director (newly hired or repositioning)	<ul style="list-style-type: none"> • Ch 1 - Governance & Family Charter • Ch 2 - Building the Team & Compensation • Ch 3 - The Outsourced Family Office Model • Ch 5 - Accounting, Reporting & Operations • Ch 15 - Technology & Cybersecurity • Ch 16 - AI in the Family Office • Ch 10 - Household Staff Employment <p><i>The first 90 days touch every chapter.</i></p>
Adult next-gen family member	<ul style="list-style-type: none"> • Ch 11 - Financial Education for the Next Generation • Ch 1 - Governance & Family Charter • Ch 6 - Estate Planning & Wealth Transfer • Ch 4 - The Investment Function • Ch 17 - When a Senior Family Member Dies
Spouse or fiancé(e) marrying into the family	<ul style="list-style-type: none"> • Ch 1 - Governance & Family Charter (including pre-nup section) • Ch 11 - Financial Education for the Next Generation • Ch 6 - Estate Planning & Wealth Transfer <p><i>Ask the family-office director for a structured onboarding.</i></p>
CFO / controller of the family office	<ul style="list-style-type: none"> • Ch 5 - Accounting, Reporting & Operations • Ch 7 - Tax Coordination • Ch 9 - Corporate Transparency Act & BOI Compliance • Ch 4 - The Investment Function • Ch 10 - Household Staff payroll • Ch 15 - Technology infrastructure
Trustee of a family trust	<ul style="list-style-type: none"> • Ch 6 - Estate Planning & Wealth Transfer • Ch 7 - Tax Coordination • Ch 4 - The Investment Function under UPIA • Ch 8 - Risk Management & Insurance

You are...	Read in this order
Investment leader (CIO / investment director)	<ul style="list-style-type: none"> • Ch 4 - The Investment Function • Ch 5 - Accounting / GIPS performance • Ch 6 - Estate Planning (trust-investment overlap) • Ch 7 - Tax-aware investing • Ch 8 - Risk Management
Multi-family office advisor	<p><i>Same as the principal reading path, but emphasize:</i></p> <ul style="list-style-type: none"> • Ch 1 - Governance & Family Charter • Ch 3 - The Outsourced Family Office Model • Ch 7 - Tax Coordination • Ch 8 - Risk Management & Insurance
T&E; attorney advising a family office	<ul style="list-style-type: none"> • Ch 6 - Estate Planning & Wealth Transfer • Ch 1 - Governance & Family Charter • Ch 7 - Tax Coordination • Ch 17 - When a Senior Family Member Dies
Tax practitioner (CPA serving the family)	<ul style="list-style-type: none"> • Ch 7 - Tax Coordination • Ch 6 - Estate Planning & Wealth Transfer • Ch 9 - Corporate Transparency Act & BOI Compliance • Ch 13 - Real Estate (1031, depreciation, cost-segregation) • Ch 14 - Philanthropy (170, 4940-4945)
Insurance broker for the family	<ul style="list-style-type: none"> • Ch 8 - Risk Management & Insurance (full 18-layer stack) • Ch 12 - Art & Collectibles • Ch 10 - Household Staff (workers comp) • Ch 15 - Technology & Cybersecurity
Family responding to a death	<ul style="list-style-type: none"> • Ch 17 - When a Senior Family Member Dies (day-by-day playbook) • Ch 6 - Estate Planning & Wealth Transfer • Ch 1 - Governance & Family Charter (leadership transition) • Ch 7 - Tax Coordination (estate tax filings)

Companion Excel workbook

This guide ships with the Family Office Companion Workbook (Excel), with 30+ working tabs covering AI readiness, governance assessment, financial model (consolidated balance sheet, P&L, cash flow, intercompany), asset registers (art, real estate, jewelry, wine, watches, autos, aircraft), checklists (estate, vendor, cyber, foundation, next-gen), and gift / wire / staff logs.

Citation discipline

Every technical claim cites primary authority where it exists: IRC section, Treasury Regulation, Uniform Trust Code section, Uniform Prudent Investor Act citation, SEC release, or PCAOB standard. A non-citation typically means a practice norm or industry convention, flagged in context. Tax figures

Chapter 17

When a Senior Family Member Dies

ESTATE ADMINISTRATION FRAMEWORK: Internal Revenue Code §2001 (federal estate tax), §2010 (unified credit and portability election), §2032 (alternate valuation date), §2032A (special-use valuation for farms and closely held businesses), §2055 (charitable bequest deduction), §2056 (marital deduction), §2058 (state-death-tax deduction), §2601 (generation-skipping transfer tax), §6018 (Form 706 filing requirement), §6075(a) (nine-month due date), §6081 (six-month extension), §6166 (closely held business tax deferral), §6324 (estate-tax lien), §645 (qualified-revocable-trust election), §691 (income in respect of a decedent), §1014 (basis step-up at death). Treas. Reg. §20.2010-2 (portability election procedures); Form 706 (United States Estate Tax Return); Form 706-NA (nonresident decedents); Form 1040 (final individual return); Form 1041 (estate income tax return); Form 4768 (extension request); Form 8971 (consistent-basis reporting under §1014(f) and §6035). Uniform Probate Code (1969, last revised 2019); SECURE Act of 2019 and SECURE 2.0 Act of 2022 (inherited-IRA rules); state probate codes and state estate-tax statutes. Cross-references: Ch 6 of this guide (estate planning & wealth transfer), Ch 12 (continuity planning); see also Trust Administration & Fiduciary Management (Administration & Fiduciary Management) for fiduciary execution detail.

The death of a senior family member is simultaneously a profound personal loss and a major administrative event. The family office will be called upon to manage both dimensions — providing logistical support to the family in grief while executing a long sequence of legal, financial, tax, and administrative tasks that cannot be deferred. This chapter provides the framework. The checklist at the end of this chapter is designed to be pulled out and used immediately.

The best preparation for a family member's death is preparation before it happens: a current will and trust, up-to-date beneficiary designations, a documented asset inventory, a letter of instruction, and a family meeting in which the senior generation has shared the key facts with the next generation. Families that have done this work find the administrative process manageable. Those that have not find it overwhelming on top of grief. Phase 1: Immediate Steps (First 72 Hours) The first 72 hours after a death involve urgent human and administrative tasks that must happen simultaneously.

The family office director should designate one team member as the single point of coordination for all administrative matters, leaving family members free to focus on each other. Action Who Notes Obtain death certificates — order 15–25 certified copies Funeral home / vital records office Every financial institution, court, and government agency requires an original. Order more than you think you need — reordering is slow. Notify the estate attorney immediately Family office director The attorney will direct the legal process, determine whether probate is required, and advise on which assets transfer outside of probate (trusts, beneficiary designations).

Secure all property — change locks, notify security, confirm alarm codes Estate manager / security Multiple parties may have keys. A death is a vulnerable moment for property security. Notify financial

institutions of death — do not transfer funds Family office director Notify banks, brokerages, and private equity managers. Do not move assets until the attorney confirms the proper transfer mechanism — premature transfers create liability. Action Who Notes Secure digital accounts — email, phones, social media Family office director / IT Change passwords on all accounts. Social media accounts should be memorialized or deactivated per the deceased's wishes.

Do not delete any accounts until the attorney has reviewed for digital asset value. Locate and secure original documents Family office director Original will, trust documents, deed to safe deposit box, insurance policies, vehicle titles. These should be in the document vault — if not, locate them now. Cancel / notify: subscriptions, club memberships, professional licenses, passport Family office director Ongoing charges on a deceased's accounts create administrative problems. Cancel subscriptions. Notify clubs — membership transfer provisions vary.

Arrange personal security and privacy if the death is public-facing Security / estate manager High-profile deaths attract media attention and, occasionally, opportunists. Restrict access to residences and communicate only through designated family spokesperson. Phase 2: The First 30 Days Legal and estate administration:

- **File the will for probate (if required)** — the estate attorney determines which assets require probate and which pass outside of it through trusts, beneficiary designations, or joint ownership. Most well-planned UHNW estates are structured to minimize probate exposure.
- **Identify and qualify the executor/personal representative** — the court will formally appoint the executor named in the will; the executor has legal authority to manage probate assets and file tax returns.
- **Inventory all assets** — compile a complete list of all assets with date-of-death values. This inventory forms the basis for the estate tax return and the distribution plan. Include: financial accounts, real estate, business interests, life insurance, retirement accounts, art, vehicles, jewelry, and digital assets.
- Review all beneficiary designations — retirement accounts, life insurance, and POD/TOD accounts pass directly to named beneficiaries outside of probate. Confirm the named beneficiaries are correct and begin the claims process.
- **Notify Social Security, Medicare, Veterans Administration (if applicable)** — benefits cease at death and overpayments must be returned. Financial and tax:
- Open an estate bank account — all income earned by the estate and all estate expenses should flow through a dedicated estate account, not through the deceased's personal accounts.
- **Continue paying ongoing obligations** — mortgages, property taxes, insurance premiums, household staff payroll, and utility bills must continue to be paid during the estate administration period.
- Engage estate CPA immediately — a final individual income tax return (Form 1040) is due for the year of death. An estate income tax return (Form 1041) is required if the estate generates income during administration. The federal estate tax return (Form 706) is due 9 months after death (15 months with extension).

- **Determine if the federal estate tax applies** — the federal exemption is \$15,000,000 per individual for 2026, made permanent and increased by OBBBA §70201 (P.L. 119-21, 2025), indexed annually under IRC §2010(c)(3)(B). A portability election (Form 706) is available for married couples. A taxable estate above the exemption pays 40% federal estate tax on the excess. File the portability election (Form 706) even if no tax is owed — it preserves the surviving spouse's exemption.
- **Evaluate state estate taxes** — 12 states and the District of Columbia have state estate taxes with lower exemptions than the federal threshold. A decedent with real property in multiple states may owe estate tax in each state. Insurance:
- **File life insurance claims** — gather original policies and death certificates; contact each insurer's claims department directly. Most claims are paid within 30–60 days of submission. A large policy (\$5M+) may require an autopsy report or additional documentation.
- Continue property insurance on all real estate and vehicles during estate administration — coverage lapses can be catastrophic during this period.
- Review D&O; and professional liability policies if the deceased held board seats or fiduciary roles — notify carriers of the change in covered status. Phase 3: Months 1–12 — Estate Administration
The formal administration of a complex estate typically takes 12–24 months and requires sustained attention from the family office. The key workstreams run in parallel and must be coordinated carefully.

Workstream Key Tasks Timeline Asset Valuation Obtain date-of-death appraisals for all assets requiring valuation: real estate (MAI-certified appraiser), closely held business interests (business valuation firm, Form 409A if applicable), art and collectibles (ASA/AAA-certified appraiser), private investments (GP-provided valuations). All appraisals must meet IRS qualified appraisal standards for estate tax purposes. Complete within 6 months of death Federal Estate Tax Return (Form 706) Prepare and file the federal estate tax return with all required schedules. Pay any estate tax due (or arrange an installment payment election under IRC Section 6166 for illiquid business interests).

File the portability election for the surviving spouse even if no tax is owed. Due 9 months after death; 6-month extension available Trust Administration Fund sub-trusts created at death (e.g., bypass trust / credit shelter trust for married couples). Distribute trust assets to outright beneficiaries per trust terms. Issue Crummey notices if required. File trust income tax returns (Form 1041) for each trust. Ongoing; sub-trust funding within 12 months Workstream Key Tasks Timeline Business Succession If the deceased held interests in an operating business: trigger buy-sell agreements, transfer management authority per succession plan, notify banks and major customers/vendors.

Engage business attorney alongside estate attorney. Immediately upon death; formal transition 3–6 months Real Estate Continue managing all properties during estate administration. Determine which properties will be retained by heirs and which will be sold. Obtain title insurance on all real estate and update title to estate or beneficiaries as appropriate. 3–12 months Distributions to Beneficiaries Do not make final distributions until all potential estate tax liability is resolved and the estate attorney confirms it is safe to close the estate. Partial distributions may be made earlier with appropriate holdbacks. Document all distributions with signed receipts from beneficiaries.

Partial: 6–9 months. Final: 12–24 months

The Central Password Repository — Pre-Death Protocol

The 72-hour communication cascade described below assumes the family office can access the principal's email, calendar, banking portals, brokerage logins, cryptocurrency wallets, and household-system credentials within the first day. Without that access — and with most modern accounts protected by two-factor authentication that ties the second factor to a phone the carrier deactivates within weeks of death notice — the cascade stalls. Establishing a central password repository *before* death is the single most consequential operational preparation a family office can undertake. It is also among the cheapest.

Architecture. The family-office password repository is institutional, not personal. The repository serves the principal, the spouse, any adult family members who participate in family-office decisions, plus the family-office director and IT lead. Use a business-tier password manager (1Password Business, Bitwarden Enterprise) deployed on a single tenant with role-based access control. Each user has a private vault for personal credentials and access to one or more shared vaults for family entities, household accounts, and operational systems. Audit logs record every credential access for forensic and fiduciary purposes.

Emergency-access designations. Each principal and adult family member configures emergency access — designating one or more recipients who, upon a documented request and a configurable waiting period (typically one to seven days, during which the user can deny the request), receive read-only access to the user's vault. The family-office director should be designated as emergency contact for the principal's and spouse's vaults; the executor named in the will should also be designated. This converts the otherwise-Catch-22 problem — the password to access the password manager itself — into a documented protocol that respects RUFADAA tier-one priority and requires no court order.

The sealed-letter backup. The password manager is the primary access route. The sealed letter is the backup for catastrophic failure (the manager goes out of business; emergency-access was disabled; the principal and the family-office director die in the same event). The letter holds the master password and 2FA recovery codes, the location of hardware security keys, the PIN or passcode for the primary mobile device, the cryptocurrency seed phrases (or pointers to Shamir-shared fragments), and a list of legacy accounts that fall outside the password manager. The letter resides in a bank safe-deposit box titled to the estate or jointly with the executor, in a fireproof home safe whose combination is documented in the estate-plan binder, or in a third-party escrow arrangement (Trustworthy, Everplans, or comparable).

Two-factor-authentication recovery. The most common operational failure in family-office succession is loss of the second factor. SMS-based 2FA depends on possession of the principal's mobile number, which the carrier deactivates within weeks of receiving notice of death. App-based 2FA (Google Authenticator, Authy, Microsoft Authenticator) depends on possession of the principal's phone — and unless cloud backup was enabled and the executor has the backup credentials, the codes vanish when the device is wiped. Hardware-key 2FA (YubiKey, Titan) requires physical

possession of the key. The repository must therefore include the backup codes generated when 2FA was first enabled (typically eight to ten single-use codes that are almost never retained), the backup credentials for whichever 2FA app was used, the location of all hardware keys, and the device PIN so the authenticator app can be opened.

Quarterly access audit. Stale repository entries are a common point of failure. The family-office director schedules a quarterly review with the principal: confirm vault sync across devices, regenerate any credentials that have appeared in breach databases, reconcile the account list against the prior quarter's bank and credit-card statements (subscriptions and accounts the principal opened without telling the office), rotate recovery codes for the highest-value accounts (primary email, banking, brokerage, cryptocurrency exchanges, the password manager itself), and verify that emergency-access designations remain current after any divorce, death, or change in family-office staff. Document the review in the family-office governance file.

Family-Office Credential Tiering

Account Tier	Examples	Recommended Protocol
Tier 1 — Identity & financial spine	Primary email, password manager itself, primary bank, primary brokerage	Hardware key (YubiKey 5 series); password-manager-stored 20+ char unique password; backup codes in sealed letter; emergency-access contacts configured
Tier 2 — Wealth-management portals	Custodian portals, PE / HF GP portals, trust-company logins, accounting platform (Sage, Asset Vantage, Addepar)	Authenticator-app TOTP; password manager; SMS fallback disabled; emergency-access contacts; documented in shared FO vault
Tier 3 — Household & operational	Utilities, home automation, security systems, club memberships, subscriptions	Strong unique passwords via password manager; 2FA where offered; quarterly audit
Tier 4 — Cryptocurrency	Self-custody wallets (Ledger, Trezor, MetaMask); exchange accounts (Coinbase, Kraken)	Self-custody: seed phrase split via Shamir or held by institutional custodian (Casa, Unchained) with inheritance protocol; exchange: hardware key + emergency-access contact

Cross-references: Ch 7 of this guide (Technology & Cybersecurity) for the broader identity-and-credential security framework; Ch 6 (Estate Planning & Wealth Transfer) for RUFADAA-compliant fiduciary-access drafting language; *Estate Planning Decoded*, Ch 13 (Digital Assets & the Modern Estate), for the legal underpinnings governing post-death access.

The 72-Hour Communication Discipline

The first 72 hours after death set the tone for the next two years of administration. The family-office director coordinates a defined notification cascade in the following sequence. **Hour 0–6:** primary physician (death certificate), funeral director, immediate family. **Hour 6–24:** Trustee(s) of revocable trust, executor named in will (if different), surviving spouse's estate counsel, family-office staff. **Hour 24–72:** CPA / tax counsel, investment advisor / OCIO, banks and custodians (account holds where appropriate), insurance broker (life-insurance claim, increased D&O / personal liability monitoring), trust company / corporate trustees of irrevocable trusts naming the decedent as grantor or beneficiary,

business partners and key employees of operating companies. Notifications should be coordinated — an inadvertent communication to a family member from a third party before the family has been informed creates lasting damage. Maintain a notification log with timestamp, sender, recipient, and content of each communication.

Trust Funding Mechanics Through the Estate

Most UHNW estate plans direct the residue of the probate estate (or the residue of the revocable trust upon the grantor's death) to fund several testamentary trusts — typically a marital trust (qualifying for the IRC §2056 marital deduction), a credit-shelter (bypass / family) trust holding the unified-credit shelter amount, and one or more dynasty / GST-exempt trusts. The funding sequence and the asset-allocation among those trusts is one of the most consequential set of decisions made during administration.

Pecuniary versus fractional funding. A pecuniary marital formula funds the marital share with a dollar amount; gain or loss is recognized on assets distributed in satisfaction of a pecuniary bequest under *Kenan v. Commissioner*, 114 F.2d 217 (2d Cir. 1940). A fractional formula avoids this gain recognition but requires re-valuation of all estate assets at each distribution. Most modern plans use a fractional formula to preserve the basis step-up advantage and avoid gain recognition.

Asset selection across trusts. Place high-basis, low-growth assets in the marital trust (which will be in the surviving spouse's estate at second death and benefit from a second step-up under IRC §1014). Place low-basis, high-growth assets in the credit-shelter trust (which is excluded from the surviving spouse's estate, escaping the second-death tax but forfeiting the second step-up). Place the most appreciation-prone assets in the GST-exempt dynasty trust (which is excluded from estate-tax inclusion in any descendant's estate for as long as the trust survives, often multi-generational).

§2032 Alternate Valuation Date

Internal Revenue Code §2032 permits the executor to elect to value the gross estate at six months after the date of death rather than at date of death, provided the election (i) is made on Form 706 within nine months of death (or one year with extension); (ii) results in both a reduction in the gross estate value **and** a reduction in estate tax. Once made, the election is irrevocable and applies to all assets in the estate. The alternate-valuation election is most useful when asset values have declined materially in the post-death period (a market downturn, a key-person loss in an operating business, an industry-wide reset). It is less useful than it appears when most of the estate is in stepped-up-basis assets — the lower valuation reduces estate tax but also reduces the basis step-up under IRC §1014, often producing minimal net economic benefit. Run the calculation both ways before electing.

Date-of-Death Inventory and IRC §1014 Step-Up

The basis of inherited property is generally fair market value at date of death (or alternate valuation date if elected) under IRC §1014. Two classes of exception: (i) **income in respect of a decedent (IRD)** under IRC §691 — retirement accounts, deferred compensation, accrued bond interest, accounts receivable in a cash-basis business — do not receive a step-up; (ii) **property held in irrevocable trusts excluded from the gross estate** — dynasty trusts, GRATs that have completed their term, completed gifts to non-grantor trusts — do not receive a step-up at the donor's death. Practical implication: build the date-of-death inventory the day after death, with appraisals (real estate, art, collectibles), brokerage statements (publicly traded securities), and qualified business valuations (closely held interests). The DOD inventory drives Form 706, the step-up basis records for the heirs, the marital deduction calculation, the GST inclusion-ratio calculation, and any portability election.

Form 8971 (Information Regarding Beneficiaries Acquiring Property from a Decedent) and IRC §1014(f) basis consistency. Required for any estate filing Form 706. The executor reports the basis of each asset to the IRS and to each beneficiary; the beneficiary's basis cannot exceed the value reported on Form 706. Coordination with the estate-tax return is essential — basis adjustments, late-discovered assets, and audit changes flow to Form 8971.

Form 706 Filing Strategy

Filing requirement. Form 706 is required if the gross estate plus prior taxable gifts exceeds the unified-credit applicable exclusion amount (\$14.5M+ in 2026 under OBBBA-permanent indexing). Filing may be advisable even when not required, in two scenarios: (i) **portability election** — preserves the deceased spouse's unused exclusion (DSUE) for the surviving spouse's use, requires a complete and properly prepared 706, no extension permitted beyond the standard nine-month + six-month-extension window for portability-only filings under Rev. Proc. 2017-34 / 2022-32; (ii) **establishing basis** — reporting fair-market values on Form 706 establishes the IRC §1014 step-up basis with documentation that survives audit better than informal appraisals.

Extensions. Form 4768 obtains an automatic six-month extension of the filing deadline; payment of estimated tax is still due at nine months unless an extension of time to pay is also requested. Form 4768 with reasonable-cause for extension of time to pay is granted in cases of liquidity hardship (closely-held business interests, real estate without ready market). IRC §6166 permits 14-year deferral of the estate tax attributable to a closely-held business meeting the more-than-35%-of-gross-estate test, with interest at 2% on the first \$1.7M+ (indexed) of deferred tax (see also IRC §6601(j) reduced-interest provisions).

DISCLAIMERS — IRC §2518

A qualified disclaimer permits a beneficiary to refuse an inheritance, with the disclaimed property passing as if the disclaimant had predeceased. Requirements under IRC §2518: (i) irrevocable and unqualified; (ii) in writing; (iii) made within nine months of the date of death (or, for minors, nine months after attaining age 21); (iv) the disclaimant has not accepted any benefit from the property; (v) the property passes without direction from the disclaimant. Used for post-mortem estate planning when the original plan no longer fits the family's circumstances — a surviving spouse may disclaim into the credit-shelter trust to use exclusion that would otherwise be wasted, or an adult child may disclaim into

a dynasty trust for the next generation. The nine-month deadline is hard; the analysis should be initiated within the first 30 days of administration.

Coordination Between Executor and Family-Office Director

The executor (named in the will) and the trustee of the revocable trust (often the same person or a corporate trustee) hold the legal authority for estate administration; the family-office director coordinates the operational execution. Clear lines of authority and a written administration plan within the first 30 days minimize friction. Standing weekly meetings among executor, trustee, FO director, estate counsel, and CPA continue through the closing of the estate (typically 18–36 months for an UHNW estate). The FO director maintains the master administration calendar, the Form 706 working papers, the disbursement log, the trust-funding worksheet, and the Schedule R (GST) inclusion-ratio calculations — documents that the executor and counsel rely on but rarely produce themselves.

The Human Dimension: Supporting the Family Through Loss

The family office director is not a grief counselor — but they are often the most trusted and capable person in the family's orbit during a period of profound stress. A few principles for navigating this role with integrity:

- **Be present but not intrusive:** Proactively manage administrative tasks without requiring family members to track details. Send brief, clear updates. Shield the family from minor decisions they do not need to make.
- **Anticipate conflict:** The period immediately following a death is when family tensions — about money, about fairness, about relationships — often surface for the first time. The family office director should route all estate-related communications through the estate attorney to avoid being drawn into family conflict.
- **Protect staff:** Household and estate staff are also grieving and facing uncertainty about their employment. Communicate quickly and honestly about employment continuity. Honor any employment obligations in the deceased's estate — severance commitments, pension obligations, and housing arrangements for live-in staff.
- **Maintain your own boundaries:** A death creates enormous pressure on the family office team. Establish clear working hours, escalation protocols, and temporary staffing support if needed. The family office director who burns out in the first 60 days is not serving the family.

USING AI IN THIS AREA

■ AI TOOL PROMPTS · Use with Claude, ChatGPT, or any AI assistant

AI tools augment — they do not replace — qualified advisors. Verify all AI-generated content with appropriate professionals.

Prompt 1 — Generate a first-call contact list

“describe the family’s advisor team and ask AI to produce a prioritized contact list for the first 72 hours, organized by urgency and required action.”

Prompt 2 — Draft family notification communications

“give AI the basic facts and preferred tone; it can produce a first draft of notifications to close family, extended family, and professional contacts.”

Prompt 3 — Organize estate administration tasks by phase

“describe the estate’s complexity (entities, states, beneficiaries) and ask AI to organize the administration tasks into a 12-month timeline with responsible parties.”

Prompt 4 — Research estate tax deadlines

“ask AI to outline federal and state estate tax filing deadlines, required forms, and extension options to review with your estate attorney.”

Prompt 5 — Create a digital asset inventory checklist

“ask AI to generate a comprehensive list of digital accounts, subscriptions, and online assets for the executor to locate and document.”

Prompt 6 — Draft beneficiary update letters

“describe the administration stage and key facts; AI can produce a professional update letter keeping beneficiaries informed. Always have estate counsel review before sending. AI tools augment — they do not replace — qualified advisors.”

Verify all AI-generated content with appropriate legal, tax, or financial professionals.

WORKSHEET 14

Estate Administration Master Checklist

Pull this checklist immediately upon the death of a family principal. Each item has a named owner and a target completion date. Review weekly with the estate attorney until the estate is closed.

IMMEDIATE — First 72 Hours

Action	Owner	Done
■ Obtain 20+ certified copies of death certificate from funeral home	_____	_____
■ Notify estate attorney — receive instruction on next steps	_____	_____
■ Secure all real property — change locks, confirm alarm codes, notify security	_____	_____
■ Notify financial institutions (banks, brokerages, PE managers) of death	_____	_____
■ Trigger emergency-access request in principal's password manager (1Password / Bitwarden); start the waiting period immediately	_____	_____
■ Retrieve sealed master-credentials letter from safe deposit box / home safe / escrow; verify contents match the digital repository	_____	_____
■ Secure and rotate passwords on tier-1 accounts (primary email, password manager, primary bank, primary brokerage)	_____	_____
■ Locate the principal's mobile device + device PIN; preserve to retain authenticator-app 2FA access before carrier deactivation	_____	_____
■ Inventory hardware security keys (YubiKey, Titan); take physical custody and log location	_____	_____
■ Document and secure cryptocurrency seed phrases per the digital-estate plan; do not transfer until estate counsel confirms authority	_____	_____
■ Locate original will, trust documents, insurance policies, property deeds	_____	_____
■ Open estate bank account at primary banking institution	_____	_____
■ Cancel or pause recurring subscriptions and automatic payments	_____	_____
■ Notify household staff — address employment continuity questions immediately	_____	_____
■ Coordinate with funeral home — death notices, obituary, service arrangements	_____	_____

FIRST 30 DAYS — Legal & Administrative

Action	Owner	Done
■ File will for probate (if required) with estate attorney	_____	_____
■ Qualify executor / personal representative with probate court	_____	_____
■ Complete full asset inventory with estimated date-of-death values	_____	_____
■ Notify Social Security Administration — return any overpaid benefits	_____	_____

Action	Owner	Done
■ Notify Medicare, Veterans Administration, pension administrators (if applicable)	_____	_____
■ Collect all life insurance policies — begin claims process with each insurer	_____	_____
■ Review and confirm all beneficiary designations (IRAs, 401(k)s, life insurance)	_____	_____
■ Notify credit bureaus (Equifax, Experian, TransUnion) to prevent identity theft	_____	_____
■ Cancel driver's license, passport, professional licenses	_____	_____
■ Notify club memberships — determine transfer or cancellation options	_____	_____
■ Review and continue all property and casualty insurance policies	_____	_____

FIRST 30 DAYS — Tax & Financial

Action	Owner	Done
■ Engage estate CPA for final Form 1040, Form 1041, and Form 706 planning	_____	_____
■ Determine if federal estate tax applies — calculate preliminary taxable estate	_____	_____
■ Determine state estate tax exposure in each state where decedent owned real property	_____	_____
■ Continue paying all ongoing obligations (mortgages, property tax, staff payroll)	_____	_____
■ File for automatic extension of estate tax return (Form 4768) if needed	_____	_____
■ Identify all retirement accounts — evaluate inherited IRA distribution options	_____	_____
■ Review business interests — trigger buy-sell provisions if applicable	_____	_____

MONTHS 1–6 — Valuations & Returns

Action	Owner	Done
■ Commission real estate appraisals (MAI-certified) for all real property	_____	_____
■ Commission business valuation for all closely held business interests	_____	_____
■ Commission art and collectibles appraisals (ASA/AAA-certified)	_____	_____
■ Obtain private investment date-of-death valuations from each GP / manager	_____	_____
■ Prepare and review draft federal estate tax return (Form 706) with attorney and CPA	_____	_____
■ File final individual income tax return (Form 1040) for year of death	_____	_____
■ Begin filing estate income tax returns (Form 1041) for any estate income	_____	_____
■ Fund sub-trusts created at death per trust agreement terms	_____	_____
■ Resolve all outstanding debts of the estate — pay valid claims	_____	_____

MONTHS 6–24 — Closing the Estate

Action	Owner	Done
■ File federal estate tax return (Form 706) — pay any tax due	_____	_____

Action	Owner	Done
■ File portability election to preserve surviving spouse's unused exemption	_____	_____
■ File state estate tax returns in each applicable state	_____	_____
■ Obtain closing letters from IRS and state tax authorities	_____	_____
■ Transfer real estate titles to heirs or trusts — record deeds	_____	_____
■ Transfer financial accounts to heirs or successor trusts	_____	_____
■ Make partial distributions to beneficiaries with appropriate tax holdbacks	_____	_____
■ Obtain signed receipts / releases from all beneficiaries	_____	_____
■ File final estate income tax return (Form 1041) with K-1s to all beneficiaries	_____	_____
■ Petition probate court to close estate (if applicable)	_____	_____
■ Make final distributions — confirm all tax obligations satisfied	_____	_____
■ Archive all estate administration records — retain minimum 7 years	_____	_____

This checklist is a starting framework. Your estate attorney will tailor it to the specific provisions of your trust documents, the assets in the estate, and the states involved.

Your estate attorney will direct the sequence of actions based on the specific facts of the estate. Do not take any action to transfer, sell, or distribute estate assets without attorney approval.

CONTINUE YOUR RESEARCH ACROSS THE LIBRARY

The family office is the integration point for the wealth plan, the family system, the next-generation pipeline, and the technology stack that holds it all together. These companions deepen the topics most often raised in-seat.

WEALTH PSYCHOLOGY & BEHAVIORAL FINANCE

The psychological layer behind every allocation and governance decision.

- **Ch 1** — The Psychology of Wealth
- **Ch 3** — Advisor-Principal Dynamics
- **Ch 4** — Family Money Dynamics
- **Ch 6** — Governance as Psychology

FAMILY BUSINESS SUCCESSION

The operational plan when the principal plans the transition.

- **Ch 3** — Successor Identification and Readiness
- **Ch 4** — The Family Dynamics of Succession
- **Ch 10** — Executing the Plan

Estate Planning Decoded The estate-planning layer the family office administers.

END OF FREE PREVIEW**Decide. Act. Now.**

What you just read is one chapter of seventeen. The full guide takes the same level of operational care into governance and the family charter, the four-body decision-rights matrix, the build-vs-outsourced MFO decision, the investment function and IPS architecture, GIPS-aware reporting, estate and gift planning under the OBBBA-permanent exemption, tax coordination across entities, the eighteen-layer insurance stack, CTA/BOI compliance, household employment, philanthropy, technology and cyber, and AI in the family office.

The companion Excel workbook operationalizes the frameworks -- governance scorecards, IPS templates, charter starter language, the eighteen-layer insurance map, the next-gen education curriculum, the death-of-a-principal master checklist, and more.

If you serve family offices and you have to be ready before something happens, this is the reference. If you run one, this is the operating practice in one volume.

GET THE FULL GUIDE**The Family Office Reference Guide, 2026 Edition**

405 pages, fully cited, post-OBBBA, with companion Excel workbook.

Buy on Gumroad: <https://baratelliinstitute.gumroad.com//kxmtwh>

\$349 - Single-user license - Instant download

Reader-license terms: one named individual; not for redistribution, posting, or model training.

Companion (free): Decide. Act. Now.

Decide. Act. Now. is our free companion guide on how Baratelli Institute readers convert a reference into a calendar item -- the execution and habit-building layer that sits under every guide in the series. Free at baratelliinstitute.com.