

TEdec Topics

- a monthly news flash for July 2011

- 1. How to Enter a Loan to the Estate - Where the Fiduciary is NOT Entitled to Commissions.**
 - A. Have you ever had the situation where the fiduciary or a beneficiary has paid the funeral bill and then wants to be reimbursed from the estate? This can be handled in a number of ways:
 - A.1 Simply draw a check payable to the beneficiary and annotate in the Schedule of Funeral and Administration Expenses that you are reimbursing this individual for the funeral expense, and, if appropriate, attach a copy of the statement from the funeral director as an exhibit.
 - A.2 Break down this transaction into its component parts, as follows:
 - A.2.1 A loan to the estate by the fiduciary/beneficiary. This transaction is entered in TEdec by adding a transaction, identifying the liability account against which you wish to record the transaction (i.e. a liability account for the fiduciary or beneficiary) and then selecting under Special Types the option to Accrue obligation (loan/mortgage) and deposit the funds to the TEdec Clearing Account (P4).
 - A.2.2 Pay the funeral bill. This is accomplished by adding a transaction, entering a liability account for the funeral home, select the transaction of Funeral Expense and pay from the TEdec Clearing Account (P4), the account to which we just deposited the loan.
- 2. How to Enter a Loan to the Estate - Where the Fiduciary IS Entitled to Commissions.**
 - A. This situation would occur where the instrument (Will or Trust) authorizes the fiduciary to obtain loans, or all of the beneficiaries in the trust or estate have approved the loan, or the Court has authorized the loan.
 - B. To enter the transaction in TEdec, simply add a transaction, add a Principal Asset Account, and select the classification of Cash/MMKT/RFND/Loan to Estate. In the Completrac Window, select Loan to Entity after DOD/DEC and you will be prompted that, "You must setup a liability account for the obligee before entering a Loan to Estate." Simply click OK and TEdec will display all liability accounts. If a liability account has not been entered for the individual or bank making the loan, cancel this transaction and enter that liability account in Completrac Maintenance, and then repeat the aforementioned steps. Next, select the liability account and you will be prompted to enter the type of the loan, i.e. term loan or demand loan, etc. Next click on OK and select inventory and complete the transaction window.
 - C. In the above sequence TEdec will generate two transactions: (1) First will be an inventory of the loan amount as a cash asset in the estate (for which the fiduciary will receive commissions); and (2) second, an entry in the fiduciary accounting Unpaid Administration Expenses (Schedule C-1) for the amount of the loan.
 - D. Additional loans from the same person/entity are handled in the same fashion.
 - E. A payment on this type of administration loan is made as an Administration Expense -> Payment of Administration Loan. TEdec will automatically generate a record that will appear on Unpaid Administration Expenses to offset the loan advances explained in paragraph 2-C.

Free User Webinar → TEdec has scheduled two **Free User Webinars** for **Tuesday, July 26, 2011** at **9:00 a.m. and 4:00 p.m.** ET, each lasting approximately 30 minutes in length. We will highlight the items covered in this issue of the TEdec Topics. Call TEdec support for your Webinar reservation. Space is limited, so call today! You'll be glad you did! We look forward to having you join our next user Webinar!

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