

CASE 2 -- MICHAEL PUMPHREY – PROBATE

Michael died in early 2012 with an estate of less than five thousand dollars, and debts of over thirty thousand dollars. The Maryland "Small Estates Act" allowed Michael's estate to be settled without probate, and his executor and the attorney representing the estate pro rated payment of debts according to a statutory formula.

Just before the estate was settled, an insurance policy on Michael's life, owned by his father and unbeknownst to either the executor or attorney, was paid into the estate. This infusion of cash caused the estate now to be of an amount greater than could be settled under the Small Estates Act. The computation of debt payments had to be done all over again, and a full-blown probate process begun.

Probate costs and expenses took more than twenty percent of the estate from Michael's beneficiaries. Michael's estate is a matter of public record. The entire process took over two years. All of it could have been avoided with a modicum of simple planning, either with a will or with a trust.