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## What Happens When Your Parents Die with Debt

A common question asked by our clients is what happens when my parents die with debt? The answer is, generally, you are not liable for your parents' debt unless you have personally co-signed a loan or account with your parent. Without co-signing on your parents' debt, the debt becomes part of your parent's estate. The executor (if your parent died with a will) or administrator (if your parent died without a will, i.e., died intestate) is responsible for marshalling the assets of the estate and handling the debts of the estate. If the estate is insolvent (i.e., debts are greater than the assets of the estate) after selling all the assets of the estate, it does not mean the executor and/or the beneficiaries of the estate are liable for the outstanding debt, so long as they did not co-sign the debt.

Common debts among seniors include housing (mortgage) debt, outstanding medical bills, credit card debt and auto loans. Debt can range from $1,000 to greater than $100,000. Regardless of the size of the debt, it is the responsibility of the executor to determine the total debt. It is not the responsibility of the executor or administrator to inform creditors that the decedent passed away. Creditors have nine months following the date of death to make a claim against your parent's estate. Absent fraud, when the nine-month period ends, creditors may be barred from submitting a claim against your parent's estate. (This is a complicated area of the law and your lawyer should be consulted). If the estate is unable to pay all the debt, the debts usually remain unpaid and creditors will be forced to bear the loss.

Recently, there is a growing number of seniors with debt. According to a report from the Employee Benefit Research Institute, 49.8 percent of families over the age of 75 have debt. The average debt for these families is $36,757. As a result, senior debt is a common issue when administering your parent's estate.

If you believe your parents or loved ones may die with debt, please feel free to contact the estate administration attorneys at the law firm of Puff & Cockerill LLC to determine the extent of the estate's liability. If you are named the executor or file with the surrogate court to be appointed administer of your parent's estate, you may wish to seek experienced counsel.