

This factsheet explains the kinds of debts an estate is responsible for after someone has passed away. **This is not legal advice.** Please consult an attorney about your particular situation.

Does a personal representative or family member inherit all of the deceased's assets?

Not necessarily. If the deceased passed away with debts, then creditors may have first claim on the assets. After the creditors have been paid, the personal representative can distribute what is left.

How long should I wait to open an estate?

Most creditors have 6 months from the date of death to collect from the estate. Examples of collectable estate debt include medical bills or credit cards. If they fail to file a claim before then, they are barred from collecting the debts. You may consider waiting six months to open an estate.

WHEN A CREDITOR CAN STILL COLLECT AFTER 6 MONTHS:

- Generally, claims of the United States and the State of Maryland do not have a set time period for filing a claim.
- If the deceased received Medicaid benefits for long-term care (for example, a nursing home stay), then Medicaid may have a claim against the estate. Medicaid is not restricted by the 6 month deadline to file a claim.
- Nothing will prevent an action proceeding to enforce a mortgage, pledge, judgement, or other lien, or security interest upon property of the estate.
- If a person is sued for personal injury and/or property damages, and was served with a court order before their death, then the case will move forward. The other party can collect their reward from the estate if the judgment is ruled in their favor.

HOW TO AVOID PROBATE

Going through probate can be a hassle, it's time consuming and expensive. In order to avoid that process, start thinking ahead! Consider setting up a Transfer on Death (TOD) or Payable on Death (POD) on bank accounts and vehicle registration, and a life estate deed for the home so when loved ones pass away, their assets automatically transfer to your name. This way those assets never go into the estate and stay within the family.

Is a personal representative financially responsible for the deceased's debts?

The Short Answer: No.

Debts become the responsibility of the estate after someone dies. An estate consists of everything they owned at the time of death, such as: cars, bank accounts, life insurance policies, or their home. An exception: if you co-sign for a loan, then you are still financially responsible.

What is a Personal Representative?

Someone who is appointed to manage the estate. The personal representative is not personally responsible for paying the deceased's debts, however they are responsible for making sure that the debts are paid off if any assets are available in the estate.