

Glossary of Terms

- Partial list from <https://www.freewill.com/glossary>
- **Administrator (or Estate Administrator)**

A person appointed by [probate](#) court who is responsible for carrying out the legal and financial wishes stated in a will if someone dies without a [will \(intestate\)](#). This person plays the same role as an [executor](#) if the [decedent](#) had died with a valid will.

- **Agent (or Attorney-in-Fact)**

A person who is given authority, in a document called a power of attorney, to act on behalf of another as a fiduciary. Related concepts are [Durable Power of Attorney](#), [Durable Financial Power of Attorney](#), and [Durable Healthcare Power of Attorney](#).

- **Alternate Beneficiary (or Contingent Beneficiary)**

A person or organization named to receive a [testator's](#) assets if the primary [beneficiary](#) named in the testator's [will](#) or [trust](#) dies before the testator. If an alternate beneficiary is not selected and the primary beneficiary dies before the testator, the default rules of each state will establish who receives the assets.

- **Annual Exclusion**

The amount someone can give to another person each year without having to file a gift tax return or pay a gift tax. The annual exclusion amount in 2022 is \$16,000 per recipient.

- **Assets**

Everything someone owns, including [real property](#), bank accounts, life insurance, investments, jewelry, furniture, retirement accounts, and vehicles.

- **Beneficiary (or Devisee or Heir or Inheritor or Recipient)**

A person who receives something from a will, trust, or other legal contract, such as a life insurance policy, a retirement account, a payable-on-death account.

- **Bequest (or Devise)**

A gift in a will or trust. Gifts are normally specific (a particular item or cash gift) or residuary (a percentage share of what is left after all other gifts have been made). A testator can make a bequest to a specific person, organization, or a class of people (e.g., children, grandchildren.)

- **Closing Letter**

A letter sent by the IRS to the [executor](#) of an estate to show that the estate's tax return is satisfactory. Depending on the state, the executor may have to file a closing letter with the state tax bureau. Prior to June 1, 2015, the IRS issued an estate tax closing letter for nearly every estate tax return filed. However, for estate tax returns filed on or after June 1, 2015, the IRS changed its policy and now issues an estate tax closing letter only at the request of an estate.

- **Codicil**

A document which is an addition or amendment to an existing [will](#).

- **Corpus or Principal**

The real property and personal property in a [trust](#) to be used for the benefit of trust beneficiaries, either through distribution or income generation. In the trust, the [grantor](#) specifies how and when the [trustee](#) can use the principal.

- **Probate Estate**

A subset of a person's estate that goes through [probate](#) at death. Usually the probate estate does not include [assets](#) under [joint ownership](#), [payable on death accounts](#), retirement plans such as 401Ks & IRAs, insurance policies with specified beneficiaries, and any assets in a trust.

- **Probate Fees**

Fees that are paid when an estate goes through [probate](#). Usually these include legal, [executor](#), and [appraisal](#) fees as well as court costs. The fees are typically paid from the assets in the [probate estate](#) before the [assets](#) are fully distributed to the [heirs](#).

- **Residuary Estate, Residual Estate, Residue**

The remainder of an [estate](#) after taking into account any specific gifts.

- **Title**

The legal right to something. In a real estate context, title refers to ownership of the property, meaning that you have rights to use the property.

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