

# Instructions: How to Complete Estate Budget / Account

## (Conservator Account Form 5)

If the court issued letters appointing you as conservator ***before September 1, 2012***, you do not have to complete Form 5. If you are not certain about which form to use, contact the court which appointed you as conservator.

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# General Instructions

## I. About Form 5

These instructions apply to the Conservatorship Estate Budget and associated schedules, worksheets, and inventory (Altogether, with coversheet called Form 5). Form 5 “Estate Budget/Account” is the first estimate of anticipated receipts and disbursements for the protected person during the first 9 months of the appointment. The account reporting period starts on the day following the date the letters were issued and is **due 90 calendar days after letters were issued, unless otherwise ordered by the court.** The following summary describes the parts of Form 5.

It is most helpful to capture the financial information throughout the account reporting period rather than waiting to compile all the information just before completing and filing the account form(s). If you have just been appointed as conservator, you should start documenting financial transactions on the first day after your letters were issued. Also, keep in mind the specific dates of the account reporting periods so that you start and end recording the financial transactions during the correct reporting period.

The instructions for Form 5 and worksheets assume the conservator will complete the schedules and worksheets manually. However, if the conservator completes the form electronically (electronic access may be found at website at: [www.azcourts.gov/probate](http://www.azcourts.gov/probate) ) certain lines will automatically calculate and other lines will automatically populate, based on prior entries.

Note: If this conservatorship consists of a small estate or has very little activity, you can ask the court to simplify your filing requirements such as:

- Filing only an Inventory rather than a complete Form 5, or
- Filing a Simplified Conservator’s Account (Form 9).

You may simplify your filing requirements however, only if the court approves your request.

Depending on which form (see below the list of Form 5 components) you are preparing, certain columns on the schedules will be shaded. A shaded column means you do not include any information in those columns.

While the instructions in this document provide detailed guidance for completing each line and column in the required schedules, they may not cover all circumstances associated with your case. If you have questions regarding how to account for certain transactions, assets or liabilities, you may want to consult a tax advisor or financial officer.

## II. Required Schedules and Worksheets for Form 5

**Schedule 1:** Provides a summary statement of receipts and disbursements of the protected person’s estate. Note: The conservator is also required to file supporting detail for Schedule 1 which provides an itemized listing of each receipt and disbursement. See Schedule 1 instructions for further detail.

**Worksheet A:** Required if your conservatorship budget includes “other receipts,” “other disbursements,” and “other administrative fees and costs.”

**Schedule 2:** Provides a summary of the value of the protected person’s estate.

**Worksheet B:** Required if you need to report “other general assets,” “other money-denominated assets, and “other debts” in Schedule 2.

**Schedule 3:** Provides the court with an estimate as to whether the conservatorship can meet the expenses of the protected person for the duration of time the protected person is expected to need care and fiduciary services.

**Worksheet C:** Required if you need to report adjustments in Schedule 3.

**Inventory:** The conservator must also file an inventory with Form 5 at the beginning of the conservatorship (due 90 days after the letters of conservator are issued). The Inventory provides a listing of all the protected person's assets and liabilities and serves as the opening balance for the conservatorship. While an inventory is required, the format the conservator uses to list the inventory items is not mandated. However, an optional format is available on the judicial branch website.

**Transaction Log:** While the conservator is required to file a **Transaction Log** (detailing all receipts and disbursements during the account reporting period), the specific format for the transaction log is not mandated. However, an optional format is available on the judicial branch website, which provides assistance to the conservator in tracking receipts and disbursements on an ongoing basis.

**Note:** In addition to the above noted schedules and worksheets, you may need to provide additional supporting documents requested by the court.

### III. General Tips to Complete Form 5 Documents (See Specific Instructions in the next Section)

#### 1. Prepare:

- **Review** Form 5 and its worksheets to familiarize yourself with the information you are required to report.
- **Assess** what records from the protected person you will need to complete the forms.
- **Gather** all the documentation you will need to complete the forms including bank statements, receipts, bills, investment account statements, property information, etc.

#### 2. Fill in the Correct Columns:

- Depending on the form you complete, certain columns on the schedules will be shaded, which indicates you **do not include any information** in those columns.

#### 3. Save your work for the next report:

- Save and print the form coversheet, schedules, worksheets, and any other supporting documentation. Saving the account reporting forms will assist the conservator with providing prior account information in future account reporting forms.

#### 4. Review:

- Carefully examine all the required schedules, worksheets and attachments to be sure they are complete.

## 5. Form 5 Coversheet and Copies:

- Sign and date the form cover sheet only after you have reviewed the completed schedules and worksheets
- Take to photocopy all original Form 5 documents plus the Coversheet. Make 2 copies of the entire original document stack plus as many as needed to provide to all interested persons.

## 6. Confidential Documents

- All Form 5 attachments, not including the form cover sheet, are confidential documents and are not available to the public for public inspection.
- When filing confidential documents with the Clerk's Office, place the original document in an envelope that bears the case name and number, the name of the document being filed, the name of the party filing the document, and the label "Confidential Document." (Pursuant to Arizona Rules of Probate Procedure, Rule 7(C)(2)). The following are documents defined as "Confidential:"
  - Probate information form
  - Medical reports and records
  - Inventories and appraisements
  - Accounts
  - Credit reports
  - Any other document ordered by the court to be "confidential."

## 7. Take to the Clerk of Court, Probate Division.

- File the form cover sheet, schedules, worksheets, and any other supporting documentation with the Probate Registrar or Clerk of the Court at the court that appointed you as conservator. Organize all required attachments in the same order as shown on the form cover sheet. Note: As indicated in your appointing order, you must also provide copies of the account to all interested persons.

## 8. Keep Your Records

- As conservator, you must maintain complete records of money received (i.e. income, social security benefits, retirement or pension income, etc.), money spent for the protected person (i.e. house payment or rent, utility bills, household expenses, food, clothing, medical care, etc.), and the current value of assets (such as bank accounts, investment accounts, vehicles, etc.) and liabilities or debts (such as the amount still owed on the protected person's house, credit card debt, and vehicle or other loans).
- If you complete the schedules electronically, it is important to save them on your computer for use in compiling future conservator accounts.

## 9. Form Filing Due Dates and Account Reporting Periods

- **Form 5** and all associated documents are **due 90 calendar days after Letters of Appointment are issued** (*starting on the day following the date the letters were issued*).
- Form 6 and other forms are generally due on the anniversary date of when the letters of conservator were issued; however, the court may determine different dates.

## 10. Successor Conservator

- If you were appointed as a successor conservator to an existing conservatorship and this is your first conservator's account, you must include the prior conservator's information. You are not responsible for verifying the activity by the prior conservator or the accuracy of the information the prior conservator previously filed.

- Please note that as successor conservator, you are also required to file an Inventory within 90 days after the conservator's letters are first issued.
- The inventory serves as the beginning balance for the conservatorship; therefore, the successor conservator's inventory should reflect all assets still belonging to the protected person at the time the successor conservator is appointed.

#### IV. SPECIFIC BUDGET/ACCOUNT FORM INSTRUCTIONS

### SCHEDULE 1 INSTRUCTIONS (Statement of Receipts and Disbursements)

**Schedule 1 Heading** At the top of Schedule 1, insert the name of the protected person after it states, **In the matter of:** and insert the case number after it states, **Case No.** *Example: In the matter of "JANE DOE" and Case No. "PB-2000-123456."*

**Column Instructions** For Form 5, you only need to complete **one column (Column F)** of Schedule 1; the other columns are shaded and will not be required until later accounts.

**Column F** This is where you present a budget for the current year. Since Form 5 represents the initial estimated receipts and disbursements for the conservatorship, your estimates will be based on only the first nine months of the conservatorship beginning on the date the letters of conservator were issued and ending on the last day of the ninth month. *(The examples below provide further instruction on how to determine start and end dates as well as how to calculate budgeted receipts and disbursements for the account reporting period).*

#### **Line by Line Instructions**

**Line 1 (Start Date of Account Reporting Period)** Enter the date the letters of conservator were issued. *Example:* If your letters were issued on 1/10/2012, you would enter 1/10/2012 in Column F.

**Line 2 (End Date of Account Reporting Period)** Enter the last day of the 9<sup>th</sup> month after the letters of conservator were issued. *Example:*



#### **Lines 3 through 10: Receipts (Money Received)**

Receipts include any money received, whether income, sale of any general estate asset, or money received from any loan to the estate. Include only the money the estate actually received or is expected to receive during the account reporting period. **DO NOT** account for a receipt on two different lines.

Unless otherwise ordered by the court, when reporting budgeted receipts on Form 5, enter the projected amount for the first 9 months of the conservatorship, beginning on the date the letters were issued. For example, you would calculate a \$1,000 monthly retirement income as follows: \$1,000 X 9 = \$9,000 (enter 9,000 in Column F on the line for Retirement and Disability Income).

✓ If there is no information to report for a receipt category, indicate by placing "0" in that line.

**Line 3 (Retirement and Disability Income)** Enter all regular retirement or disability income. **Examples:** Social Security, Railroad Retirement, pension benefits, Social Security Disability, Supplemental Security Income, and worker's compensation benefits. **DO NOT** include payments received from tax-deferred investments, such as 401K and IRA funds; include these receipt sources on line 7.

**Line 4 (Annuities, Structured Settlements, and Trust Income)** Enter all income from annuities, structured settlements or trusts. *Note: These terms are defined in the Definitions section of the General Instructions.*

**Line 5 (Wages and Earned Income)** Enter all wages and earned income of the protected person.

**Line 6 (Investment and Business Income)** Enter all investment and business income. **Examples:** Interest, dividend, rent, and royalty income. Note: if interest earned on an investment or retirement account is returned to the fund balance, rather than as a separate amount paid to the protected person, **DO NOT** include as income (this information will be reported in Schedule 2).

**Line 7 (Other Receipts)** Enter other budgeted receipts that are not already included on lines 3 through 6. **Examples:** Any distributions from tax-deferred investments, such as 401K or IRA funds, any amount from selling an asset, or the proceeds from any new loan to the protected person's estate.

Use Worksheet A to list and enter budgeted amounts for other receipts (Column F). Add all other receipts and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 7, Schedule 1. *If completing the form electronically, the total will be automatically calculated and entered on line 7, Schedule 1.*

**Line 8 (Total Receipts)** Add lines 3 through 7. *If completing the form electronically, the total will automatically calculate.*

**Line 9 (Assets/Liabilities as Receipts)** Enter the amount of money you expect the conservatorship to receive that is already included in line 8 that will come from selling or liquidating an asset or from a new debt or liability. **Examples:**  
➤ When selling or liquidating an asset, such as a home for the protected person, the amount received for the sale is entered on line 7 and on line 9.

- When borrowing money to pay bills for the protected person, the amount of the new loan is entered on line 7 and on line 9 in Schedule 1 and included as a liability on Schedule 2, line 17.
- If you expect a required minimum distribution from an IRA fund which pays out the earnings as well as some amount of the principal, enter the total distribution on line 7 and enter the amount of the principal expected on line 9.
- If you expect the proceeds from an installment sale over a period of years, and this year you expect interest on the unpaid balance plus a payment on the balance due, enter the total payment expected this year on line 7 and enter the principal portion of the amount received on line 9.

It is important for the court to know whether the conservatorship can meet the future needs of the protected person for as long as he or she needs fiduciary care and services. Therefore, the court needs to know how much of the budgeted receipts already reported will result from selling or liquidating assets or from borrowing money. By subtracting these receipts from the total receipts reported in lines 3 through 7, the court will have a better picture of how long the protected person’s estate can last to cover all expenses.

**Line 10 (Total Income Included in Receipts)**

Subtract line 9 from line 8 (i.e. line 8 minus line 9). *If completing the form electronically, the total will automatically calculate.*

**Lines 11 through 17: Disbursements (Money Spent for Protected Person)**

Unless otherwise ordered by the court, when reporting budgeted disbursements on Form 5, complete only Column F by entering the projected disbursement for the first 9 months of the conservatorship, beginning on the date the letters were issued. For example, you would multiply a \$500 monthly mortgage payment by 9 for a total budgeted mortgage disbursement of \$4,500. If a disbursement will occur less than monthly, such as quarterly or biannually, multiply the amount by the number of times the payment will be paid within the account period. For example, you would multiply a quarterly disbursement by 3, as that particular expense will be paid 3 times in the 9-month period.

✓ If there is no information to report for a disbursement category, indicate by placing “0” in that line.

**Line 11 (Food, Clothing, and Shelter)**

Enter the amount of disbursements for food, clothing and shelter (comprised of household expenses, care facility costs and personal care expenses) for the protected person. Items in this disbursement category include, but are not limited to, the following examples:

- *Food and Clothing* – groceries, clothing, and toiletries.
- *Household Expenses* – home mortgage payments, utilities (including electric, gas, water, telephone and cable), and homeowners association fees.
- *Care Facility* – regular fees to a care facility.
- *Personal Care* – companion care, home care, and transportation.

Payments made for food, clothing and shelter are those considered essential for survival even if there are less expensive alternatives.

**Line 12 (Medical Costs)** Enter budgeted medical costs for the protected person, which includes medical, dental, vision and hearing. **Examples:** *Medical equipment and supplies (including incontinence supplies, or adult diapers), prescription and non-prescription medicines, medical insurance premiums and co-pays.*

**Line 13 (Personal Allowance)** Enter the amount of money you plan to provide directly to the protected person as a spending allowance.

**Line 14 (Payments on Debt)** Enter the amount budgeted for payments on the protected person's debts such as loans and personal debts. **Examples:** *Payments on an outstanding car loan, payments on outstanding credit card debt, payments on loans taken out to cover the care and payments for care services of the protected person.* **DO NOT** include payments on the protected person's home mortgage here; those payments should be reported on line 11 (food, clothing and shelter).

**Line 15 (Discretionary Expenses)** Enter the amount budgeted for discretionary (optional) expenses. Discretionary expenses include all goods and services provided to the protected person that are not essential for survival but are meant to improve or prolong the quality and enjoyment of life. **Examples:** *Entertainment, dining out, and vacation costs.*

**Line 16 (Other Disbursements for Protected Person)** Enter other disbursements that are expected for the protected person but are not already included on lines 11 through 15. **Examples:** *The purchase of an asset (such as a vehicle, computer or a cash down payment on a residence), tax payments, or stock or mutual fund purchases.* You should also include in other disbursements payments that are made for any dependent(s) of the protected person.

Use Worksheet A to list other budgeted disbursements that are not included in lines 11 through 15. Add all other budgeted disbursements and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 16, Schedule 1. *If completing the form electronically, the total will be automatically calculated and entered on line 16, Schedule 1.*

**Line 17 (Total Disbursements For Protected Person)** Add lines 11 through 16. *If completing the form electronically, the total will automatically calculate.*

**Lines 18 through 22: Disbursements (Money Spent for Administrative Fees and Costs)**

Unless otherwise ordered by the court, when reporting budgeted conservatorship administrative costs and fees on Form 5, complete only Column F by entering the projected administrative costs and fees for the first 9 months of the conservatorship, beginning on the date the letters were issued.

✓ If there is no information to report for an administrative fee and cost category, indicate by placing "0" in that line.



**Line 18 (Fiduciary Fees and Costs)**

Enter the amount of fiduciary fees and costs you expect to pay during the account reporting period. Fees are compensation paid to the fiduciary. Costs include administrative charges that are authorized in the Statewide Fee Guidelines, such as filing fees and postage.

**Line 19 (Fiduciary's Attorney Fees and Costs)**

Enter the amount of fiduciary's attorney fees and costs you expect to pay during the account reporting period.

**Line 20 (Protected Person's Attorney Fees and Costs)**

Enter the fees and costs you expect to pay during the account reporting period for the person's attorney, including court-appointed counsel and guardian ad litem, if paid by the protected person's estate. Enter other administrative fees and costs you expect to pay during the account reporting period that are not already included on lines 18 through 20.

**Line 21 (Other Administrative Fees and Costs)**

**Examples:** *Payments made to an appraiser, financial advisor, court investigator, or accountant.*

Use Worksheet A to list any other budgeted administrative fees and costs that are not included on lines 18 through 20. Add all other budgeted administrative fees and costs and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 21, Schedule 1. *If completing the form electronically, the total will be automatically calculated and entered on line 21, Schedule 1.*

**Line 22 (Total Administrative Fees and Costs)**

Add lines 18 through 21. *If completing the form electronically, the total will automatically calculate.*

**Line 23 (Total Disbursements)**

Add line 17 and line 22. *If completing the form electronically, the subtotal will automatically calculate.*

**Line 24 (Assets/Liabilities as Disbursements)**

Identify the amount of money you expect to spend from the estate to purchase assets or to reduce the principal balance of the protected person's debts. Since these expenses are not ongoing and regular expenses, they need to be subtracted from the total expense amount indicated on line 23. **Examples:**

- When buying an asset, such as a home for the protected person: the down payment is entered on line 16 and on line 24.
- As another example, if the conservatorship previously borrowed money to pay the bills of the protected person, enter the loan payment on line 14 (including principal and interest), and enter the principal amount paid (but not interest) on line 24.
- If you will make payments on an installment purchase over a period of years, and this year you pay interest on the unpaid balance plus a payment on the balance due, enter the total amount (interest and principal) on line 14 and enter the principal amount on line 23.

**Line 25 (Total Expenses in Disbursements)**

Subtract line 24 from line 23 (i.e. line 23 minus line 24). *If completing the form electronically, the total will automatically calculate.*

**Line 26 [Total Surplus/ (Total Shortfall)]**

Subtract line 23 from line 8 (i.e. line 8 minus line 23). *If completing the form electronically, the total will automatically calculate.*

If the amount is a positive number, this means there is a surplus of cash flow in the estate. If the amount is a negative number, this means there is a cash flow shortfall for the estate (or the estate does not have enough receipts to cover all disbursements). Please note: to indicate a negative number, place parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. **Example:** Negative \$1,000 is shown as -1,000 or (1,000).

**Line 27 [Net Income/ (Net Expenses)]**

Subtract line 25 from line 10 (i.e. line 10 minus line 25). *If completing the form electronically, the amount will automatically calculate.* If the amount is positive, this means income exceeds expenses. If the amount is negative, this means expenses exceed income. Please note: to indicate a negative number, place parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. **Example:** A net expense of \$1,000 would be shown as -1,000 or (1,000).

## **Amended Budget**

After reasonably projecting that the expenditures for any specific category will exceed the approved budget by ten percent (10%) or \$2,000, whichever is greater, the conservator shall file an amendment to the budget and provide notice in the same manner as the initial budget within thirty days (Pursuant to *Rules of Probate Procedure* 30.3(D)). It should be noted however, the criteria requiring an amended budget is subject to change. Therefore, you should check with the court to verify the current requirement for filing an amended budget.

Remember to use the amended budget information for the account reporting period just ended when completing Column B on Schedule 1.

## SCHEDULE 2 (Statement of Net Assets and Reconciliation)

### **Schedule 2 Heading**

At the top of Schedule 2, insert the name of the protected person after it states, "In the matter of:" and insert the case number after it states, "Case No." **Example:** In the matter of "JANE DOE" and Case No. "PB-2000-123456."

### **Column Instructions**

For Form 5, you only need to complete one column (Column B) of Schedule 2; the other columns are shaded and will not be required until later accounts.

Column B Enter a summary of the conservatorship Inventory.

### **Line by Line Instructions**

#### **Section 1: Net Assets (Inventory)**

**Line 1 (Inventory Value Report Date)** Enter the date you completed the Inventory.

#### **Lines 2 through 9: General Assets, Excluding Cash and Bank Accounts**

When reporting the value of all general assets, **DO NOT** deduct any liens or mortgages; the protected person's debts will be separately reported on line 17.

✓ If there is no information to report for an expense category, indicate by placing "0" in that line.

#### **Line 2 (Real Estate)**

Enter the value of real estate owned by the estate. **Examples:** *The protected person's residence, rental or vacation real estate, and cemetery plots.* Remember to enter the fair market value of the real estate without deducting any amount still owed on the real estate, such as liens or mortgage balance; the amount owed on real estate will be entered on line 17.

#### **Line 3 (Vehicle(s))**

Enter the value of vehicles owned by the estate. **Examples:** *Personal automobile, motorcycle, golf cart, watercraft, airplane, or recreational vehicle.*

#### **Line 4 (Business Ownership Interests)**

Enter the value of any business ownership interests, such as a family business. **DO NOT** list shares (i.e. stocks and mutual funds) in a publicly traded corporation; this information will be included on line 6 (or line 7, if tax-deferred).

#### **Line 5 (Household Items and Personal Effects)**

Enter the value of household items and personal effects owned by the protected person. **Examples:** *Items within the protected person's primary residence, such as furniture, televisions, computers, clothing, costume jewelry, and displayed collectible items.* However, **DO NOT** include on line 5 any household or personal effects that are of significant value, such as precious jewelry and valuable collections, that might be sold to provide additional funding for the protected person's care; these items will be listed in Worksheet B and included in the total value on line 8.

**Line 6 (Stocks, Bonds, and Mutual Funds - Not Tax-Deferred)**

Enter the present value of stocks, bonds, mutual funds, and other marketable securities. **Examples:** Savings bonds and bearer bonds.

**Line 7 (Tax-Deferred Assets)**

Enter the present value of tax-deferred assets. **Examples:** IRA and 401(K) accounts, tax-deferred cash accounts, certificates of deposit, savings accounts, and brokerage accounts.

**Line 8 (Other General Assets)**

Enter the present value of all other assets that are not already listed in lines 2 through 7. **Examples:** Valuable collections (including coin collections), precious jewelry, the cash value of insurance policies or prepaid benefits such as prepaid funeral plans. **DO NOT** include cash and regular bank accounts; this information will be accounted for on lines 10 through 15.

Use Worksheet B to provide an itemized list and the total amount of the protected person’s other general assets that are not included in lines 2 through 7. Add all other general assets and place the total in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 8, Schedule 2. *If completing the form electronically, the total will be automatically calculated and entered on line 8, Schedule 2.*

**Line 9 (Total General Assets)**

Add lines 2 through 8. *If completing the form electronically, the total will automatically calculate.*

**Lines 10 through 14: Cash and Regular Bank Accounts**

✓ If there is no information to report for an expense category, indicate by placing “0” in that line.

**Line 10 (Bank Accounts- Restricted Access)**

Enter the total cash balance of bank accounts that are court-restricted. This means funds may not be withdrawn without a court order. **Examples:** *Checking, savings, certificates of deposit, money market accounts, and all other similar accounts, whether in a bank, credit union, savings and loan, or other similar financial institution.* **DO NOT** include any tax-deferred accounts that were listed on line 7.

**Line 11 (Bank Accounts- Unrestricted Access)**

Enter the total cash balance of bank accounts that are NOT court-restricted; this means funds may be withdrawn without a court order. **Examples:** *Checking, savings, certificates of deposit, money market accounts, and all other similar accounts, whether in a bank, credit union, savings and loan, or other similar financial institution.*

**Line 12 (Cash on Hand)**

Enter the amount of currency that you have on behalf of the estate. *Remember, any coin collection with value above the face value of the coins should be reported as an “Other General Asset” on line 8.*

**Line 13 (Other Money-Denominated Assets)**

Enter the present value of other money-denominated assets with a cash value that are not already listed in lines 10 through 12. **Examples:** *Cash card or gift card. These assets are similar to money in a bank account or cash on hand and do not change in value by market fluctuation, except by receipt of a dividend or interest.*

Use Worksheet B to provide a description and the total amount of the protected person's other money-denominated assets that are not included in lines 10 through 12. Add all other money-denominated assets and place the total in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 13, Schedule 2. *If completing the form electronically, the total will be automatically calculated and entered on line 13, Schedule 2.*

**Line 14 (Total Cash and Bank Accounts)** Add lines 10 through 13. *If completing the form electronically, the total will automatically calculate.*

**Line 15 (Total Available Assets)** Add line 9 and line 14. *If completing the form electronically, the total will automatically calculate.*

### **Lines 16 through 18: Liabilities (Debt)**

**Line 16 (Bills & Payables More Than 30 Days Old)** Enter the amount of past-due bills and payables more than 30 days old plus ALL fiduciary and attorney fees and costs for services already provided but not yet paid, as of the end of the account period.

Use Worksheet B to provide an itemized list and total amount of the protected person's bills and payables more than 30 days old at the end of the account period. Add all bills and payables and place the total in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 16, Schedule 2. *If completing the form electronically, the total will be automatically calculated and entered on line 16, Schedule 2.*

**Line 17 (Other Debts)** Enter the amount of other debts not already included on line 16. Other debts include bills and payables less than 30 days old. **Examples:** *Notes, mortgages, credit cards and personal loans.*

Use Worksheet B to provide a description and total balance amount of the protected person's other debts. Add all other debts and place the total in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 17, Schedule 2. *If completing the form electronically, the total will be automatically calculated and entered on line 16, Schedule 2.*

**Line 18 (Total Liabilities)** Add line 16 and line 17. *If completing the form electronically, the total will automatically calculate.*

**Line 19 (Net Assets)** Subtract line 18 from line 15 (i.e. line 15 minus line 18). *If completing the form electronically, the amount will automatically calculate.*

If the amount of total liabilities (line 18) is greater than the amount of total available assets (line 15), indicate the value of net assets as a negative value by placing parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. Example: negative \$5,000 is indicated as either -5,000 or (5,000).

## **Section 2: Reconciliation of Conservator's Account**

For Form 5, you do not need to complete Section 2 (Reconciliation of Conservator's Account).

# SCHEDULE 3

## (Statement of Sustainability of Conservatorship)

As the conservator, you must disclose to the court whether the estimated expenses of the estate exceed the annual income and if so, whether the other assets available to the protected person are sufficient to sustain the person during the time period the protected person needs care or fiduciary services. In other words, does the protected person have sufficient income and assets to meet their needs for the estimated remainder of their lifetime?

A thorough discussion of Sustainability of the Conservatorship may be found in the online or printed tutorial pages 23 – 25, <http://www.azcourts.gov/Portals/151/PRINTVersionCONSERVATOR-FINAL.pdf>

The information provided on this schedule is a good faith estimate based upon the information that is reasonably available to you. This schedule requires you to share what you believe to be true in this particular case for this particular protected person, not what you can prove to be true.

✓ The objective of the conservator must always focus on the protected person's best interests, while respecting the protected person's wishes to the extent they are not inconsistent with the protected person's best interest.

### **Schedule 3 Heading**

At the top of Schedule 3, insert the name of the protected person after it states, "In the matter of:" and insert the case number after it states, "Case No." **Example:** In the matter of "JANE DOE" and Case No. "PB-2000-123456."

### **Column Instructions**

For Form 5, you only need to complete two columns in Schedule 3; the other columns are shaded and will not be required until later accounts.

**Column B** Complete Column B to provide an estimated sustainability of the conservatorship. Your estimate should be based upon the most recent information that is reasonably available to you and should include any significant change of circumstances for the protected person (such as a medical deterioration which requires a different level of care), even if the change occurred after the end of the account period but before the Schedule 3 filing date.

**Column E** Complete Column E to provide an Explanation of Adjustment to net assets and/or net income/net expenses in Column B. If more space is required, include supporting detail on a separate document. Make sure to include the protected person's name, the case number, start date and end date of the account periods, and the form number.

### **Line by Line Instructions**

**Line 1 (Report Date of Sustainability Estimate)** Enter the date of the report of sustainability. For Form 5, this is the date you complete this schedule.

## **Lines 2 through 4: Net Assets Available to Conservatorship**

In Schedule 2, you calculated the net assets of the conservatorship; however, there may be additional factors that may impact the protected person's estate going forward, such as money received from an inheritance or a personal injury claim. Also, some assets may be needed for known one-time expenditures, such as a major medical expense or the startup costs for the conservatorship. Once these adjustments are made, if any, the remaining net assets should be available to meet the typical or recurring needs of the protected person from this point forward.

### **Line 2 (Net Assets)**

Enter the value of the Net Assets available to the estate, found on Schedule 2, Column B, line 19. *If completing the form electronically, the amount is entered automatically.*

### **Line 3 (Adjustments)**

Enter zero, unless an adjustment to the available Net Assets is required. Adjustments would include any expected new and significant receipts or disbursements. If adjustments are necessary:

- ✓ Enter as a positive value any new and significant receipts/assets you expect to come into the conservatorship, such as an inheritance or a personal injury award.
- ✓ Enter as a negative value any assets that need to be used to satisfy any planned, one-time, significant expenditures. **Examples:** *One-time medical costs, large repairs, or the cost to stabilize the conservatorship.* If the adjustment amount is negative, place parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. **Example:** A negative adjustment of \$5,000 would be entered as -5,000 or (5,000).
- ✓ Enter as a negative value any assets that are not considered assets you can liquidate to provide additional funding for the estate. **Example:** Prepaid funeral plans must be accounted for on the inventory, but should be subtracted from net assets to determine sustainability, as they are considered irrevocable and cannot be sold for cash.

Use Worksheet C to provide a description and amount of the adjustment(s) to the net assets. Add all of the adjustment amounts and place the total in the upper right corner of the worksheet. Copy the total onto line 3, Column B, Schedule 3. *If completing the form electronically, the total will be automatically calculated and entered on line 3, Column B, Schedule 3.* Remember to also complete Column E in Schedule 3 to provide a brief explanation of the adjustment.

### **Line 4 (Adjusted Net Assets)**

This is your estimate of the assets that will be available to meet the ongoing needs of the protected person. If the adjustment amount in line 3 is a positive value, add line 2 and line 3. If the adjustment amount in line 3 is a negative value, subtract line 3 from line 2 (i.e. line 2 minus line 3). Remember to indicate a negative number by placing parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form, such as a negative \$5,000 would be shown as -5,000 or (5,000). *If completing the form electronically, the amount is automatically calculated.*

**Example:** If the net asset value on line 2 has a positive value of \$100,000, and line 3 has a positive value of \$5,000, add both numbers and place 105,000 on line 4. However, if line 3 has a negative value of (\$8,000), you would subtract the \$8,000 on line 3 from the \$100,000 on line 2 to get an adjusted net asset amount of 92,000.

### **Recurring Net Income/(Net Expenses): Lines 5 through 7**

In Schedule 1, you calculated the budgeted net income or net expenses of the conservatorship; however, there may be additional factors that may change the ongoing and typical receipts and disbursements going forward.

#### **Line 5 (Net Income/Net Expenses)**

Enter the value of net income or net expenses for the estate as calculated on Schedule 1, line 27, Column F. If the amount on line 27 is a positive number (net income), enter the amount as a positive number. If the amount on line 27 is a negative number (net expense), enter the amount as a negative number by placing parenthesis around the number or a minus sign in front of the number. *If completing the form electronically, the amount will automatically calculate.*

#### **Line 6 (Adjustments)**

Enter zero, unless an adjustment is required. If an adjustment is necessary:

- ✓ Enter as a positive value any significant or recurring receipts that were not recognized (or not fully recognized) when calculating the net income or net expenses for the year just ended, such as a new source of income like disability benefits.
- ✓ Enter as a positive value any significant one-time disbursements that were recognized as an expense when calculating the net income or net expenses for the year just ended. **Examples:** *One-time medical costs, large repairs, or the cost to stabilize the conservatorship.*
- ✓ Enter as a negative value any significant and recurring disbursement that was not recognized (or not fully recognized) when calculating the net income or net expenses for the year just ended. **Example:** *New or increased expenses for the protected person's care.*
- ✓ Once any other adjustments are first determined, it is important for the sustainability estimate calculation that you convert what remains as a nine month budget into an annual figure.
  - **Example:** *If the protected person now receives a regular and recurring disability payment of \$1,000 per month, and only the first three months of benefits was included in the net income or net expenses for the year just ended (as reported on line 27 of Schedule 1), you must include a positive adjustment of 9,000. This adjustment amount recognizes the additional receipts that will be received in a typical year (since three months was already recognized).*
  - **Example:** *If after making all the adjustments, you calculate that the budgeted net expenses are approximately \$9,000 over nine months, this should equate to annual expenses of about \$12,000 (determined by dividing the nine month figure, \$9,000 for example, by nine and then multiplying it by 12).*



Use Worksheet C to provide a description and amount of the adjustment. Note: if adjustment is an expense indicate a negative number by placing parenthesis around the number or a minus sign in front of the number. Add all of the adjustment amounts and place the total in the upper right corner of the worksheet (Remember any negative value should be subtracted from any positive value for the net result). Copy the total onto line 6, Column B, Schedule 3. *If completing the form electronically, the total will be automatically calculated and entered on line 6, Column B, Schedule 3.* Remember to also complete Column E in Schedule 3 to provide a brief explanation of the adjustment.

**Line 7 Adjusted Net Income/(Net Expenses)**

The amount on this line provides an estimate of net income or net expenses the conservatorship expects on a regular and ongoing basis. If the adjustment amount in line 6 is a positive value, add line 5 and line 6. If the adjustment amount in line 6 is a negative value, subtract line 6 from line 5. *If completing the form electronically, the amount is automatically calculated.*

If line 7 is a positive value, you are estimating that the conservatorship is sustainable because the conservatorship is expected to produce more income than it spends.

**Line 8 (Enter Adjusted Net Assets)**

Enter the amount calculated on line 4. *If completing the form electronically, the amount is automatically entered.*

**Line 9 Enter Adjusted Net Income/(Net Expenses)**

Enter the absolute value of the amount calculated on line 7 here. This means you will enter a positive number for the value that is shown on line 7, even if it is a negative number. **Example:** Enter 5,000 for negative \$5,000. *If completing the form electronically, the amount is automatically entered.*

**Line 10 (Estimated Years of Sustainability)**

This is the estimated number of years the conservatorship can fund the protected person's regular and ongoing expenses before the entire net estate is depleted. To calculate, divide line 8 by line 9. *If completing the form electronically, the estimate will automatically calculate.*

**Line 11 (Is the Conservatorship Sustainable?)**

Enter "Yes" if the Years of Sustainability, as indicated on line 10 is equal to or greater than the number of years the protected person is expected to need care or fiduciary services. Otherwise, enter "No."

**Line 12 (Management Plan from Prior Period and Going Forward)**

Since Form 5 is the first conservator's account form you are filing, you do not need to complete the first box at the bottom of the schedule. If you entered "No" on line 11, Column B, indicate your management plan for the conservatorship going forward in the second box at the bottom of the schedule. Since the estate is not expected to last the entire length of time the protected person needs care or fiduciary services, the plan shall include how the future care and needs of the protected person will be met. **Example:** There may be a need to adjust the protected person's standard of living or a future need for public assistance.