

[IMPORTANT NOTE: If the estate of the person who died includes real estate or other property that is collateral for a mortgage or loan, then the personal representative should consult an attorney about payment of allowances and other claims.]

**EXAMPLE OF HOW UNSECURED CREDITOR PAYMENTS ARE CALCULATED:
IN THIS EXAMPLE THERE IS \$200,000 AVAILABLE FOR DISTRIBUTION**

	<u>Amount of claim</u>	<u>Amount remaining after claim is paid</u>	
UNSECURED CREDITOR CLAIMS:			
1. Allowance to surviving spouse	55,000	145,000	(200,000- 55,000=145,000)
2. 1 st priority costs of administration	12,500	132,500	(145,000-12,500=132,500)
3. Funeral expenses	5,250	127,250	(132,500-5,250=127,250)
4. Federal debts and past child support	27,895	99,355	(126,250-27,895=99,355)
5. Medical expenses of last illness	48,000	51,355	(99,355-48,000=51,355)
6. All other claims:			
C1, liability judgment	125,000		
C2, credit card A	2,500		
C3, credit card B	5,000		
C4, other medical expenses	<u>15,000</u>		
	147,500		

The total amount of “all other claims” is \$147,500. This is more than the \$51,355 that’s left after paying priority claims 1 through 5. So “all other claims” (in row 6 above) will be paid only a percentage of their claim , which is calculated like this:

<u>Other claims (from row 7)</u>	<u>Percentage of other claims</u>	<u>Amount to pay for other claims</u>
C1, liability judgment	$125,000 \div 147,500 = 84.7\%$	$51,355 \times .847 = \$43,498$
C2, credit card A	$2,500 \div 147,500 = 1.7\%$	$51,355 \times .017 = \$873$
C3, credit card B	$5,000 \div 147,500 = 3.4\%$	$51,355 \times .034 = \$1,746$
C4, other med expenses	$15,000 \div 147,500 = 10.2\%$	$51,355 \times .102 = \underline{\underline{\$5,238}}$
		$\$51,355$