

The “Daily Plan-It™”

HOOPES & ADAMS, PLC

Volume 9, Issue 23

11/15/2007

The Fine Art of Estate Planning

An interesting challenge that faces estate and financial planners is what to do with fine art and other valuable collectibles. That’s because art has a variety of different values, depending on your perspective.

In some families, it may have sentimental value, but no financial worth. Others may own fine art that has value far beyond subjective feelings. Not everyone is blessed with the problem of owning an original Picasso; however, the art that they do have may be worth considerable amounts of money on the market. In the past, there have been litigation disputes regarding the work of high profile artists, such as Andy Warhol, Mark Rothko, and Robert Mapplethorpe, because they failed to create successful estate plans that addressed the distribution of their art upon their passing. Whether a person is an artist or a collector, though, the trustee may simply not understand the value of the art.

Delays are costly; one of the key points that we need to address as advisors, especially for affluent families, is the disposition of their art when they are no longer around to supervise it. Art, in itself, creates several obstacles in an estate plan.

Strategies for planning

The artist or collector needs to document who will inherit each piece. Clarity is essential, in order to ensure that there’ll be no estate or income tax complications. Your client should also consider establishing a charitable or private family foundation in order to have the art donated during her lifetime.

Ultimately, the key centerpiece to doing this type of planning is to prepare a Revocable Living Trust. It helps to avoid probate, and is recognized throughout the country as a central planning tool.

The Revocable Living Trust can avoid things such as guardianship or conservatorship. It also allows for greater flexibility and detailed instructions. If the artist decides to create an inventory of her work, or wants to identify who receives particular pieces, she can set forth her instructions within this instrument. It will

keep her wishes private, and hopefully away from the scrutiny of the public through court proceedings.

In some cases, it may make sense to educate the successor Trustee, or after-death Trustee, about the value of the art, as well as the particular actions that need to be taken. He should also be schooled in the process of valuation. Here are some websites that we can refer you to for assistance:

www.seniorartistsinitiative.com/01_about_sai/guidelines.html

www.artbusiness.com/estateplan.html

www.sharpeartfdn.org/estateplnbook/estateplanning.htm

In conclusion, we encourage you to be proactive with your clients regarding things that may have sentimental and tangible, as well as commercial, value that need to be addressed during estate planning. As always, thank you for your support and business.

Hoopes & Adams, PLC

Hoopes & Adams appreciates the confidence you place in us when referring your clients for their estate planning and business needs. We greatly enjoy working with you, our allied professional advisor. We will ensure the trust you place in us when making a referral is well earned and reflects well on you. Our first priority is to make sure the confidence your clients place in you is enhanced when they work with us. We look forward to working with you, our friends and colleagues. Allow us to be your resource for your estate and business planning issues and questions. Please contact Ron Adams or Eric Wilbanks at (480) 345-8845 or by email at radams@halaw.com or ewilbanks@halaw.com if we can help you in any way. We look forward to working with you and hearing how we can help.

**Hoopes & Adams, PLC
2410 W. Ray Road, Suite 1
Chandler, Arizona 85224
Visit us at www.halaw.com**