

## Are you a collector? Make a plan now to provide for its future

*Gina M. Barry, Esq.*



Rare is the person who collects nothing, as most of us have some affinity for particular items that we simply must collect.

Some collected items have great monetary value, while others have only sentimental value. Many enjoy the challenge of amassing rare collections, which, if substantial, may bring renown amongst collectors and non-collectors alike. Others maintain collections that may not have great monetary value, but that have been passed down through the generations or that tell the family history. When it comes to your cherished collection, there are some important considerations of which to be aware.

### **Document, document**

First, it is important to properly document your collection. Be certain to record the purchase date and price, as well as the condition of the item and any identification numbers or other identifying information. Be sure to retain any documentation relative to the acquisition of the item. Also, if your items are not located in an obvious location, provide location information for each item. If you have chosen to insure your valuables, you should also be sure to maintain current copies of all insurance contracts.

### **Preservation and condition**

As you obtain items, it is important that you store them properly and in an appropriate location so as to preserve their condition, and hence, their value. If you have obtained an item that is not in mint condition, consider whether restoring the item will be profitable. An imperfect piece could be more valuable than a piece that has been altered from its original state.

### **Protect your investment**

Further, it is extremely important that you take all necessary steps to safeguard your collection. Depending on the value and size of your items, you may consider options ranging from a monitored security system to a home safe to a safety deposit box at a local bank. If it is ever necessary to transport your items, be sure to carry them in ordinary packaging so as to not draw unwanted attention. Further, if you ever find it necessary to ship your items, be sure to use a reputable shipping line and always purchase insurance.

### **Plan for its future**

After spending a lifetime building a collection, many people forget to plan for the disposition of their collection when they pass away. They often do not inform their families of the nature and value of their collection, and no mistake could be more tragic. When the value of the items is unknown, this lack of knowledge may result in an uneven distribution despite the best intentions. Worse yet, valuable

items may be discarded as worthless. While it is possible for an appraisal to be obtained, a family member who is unaware of the value at the outset may be reluctant to pay for an appraisal. You should also consider whether any of your heirs will value the collection as you did. If it is important to you that the collection remain intact, you should consider leaving the items to the heir who will maintain and cherish the collection while leaving other assets to any remaining heirs.

### **Document your wishes**

Once you have decided to whom you would like to leave your collection when you pass away, it is important that you establish an estate plan to ensure the carrying out of your wishes. Although many people leave instructions with respect to their items, if they have not legally established their wishes, the instructions may not be worth the paper on which they are written. Thus, it is important to establish a Will, which can include a reference to a properly created Memorandum of Instruction.

### **Consider a tax strategy**

In the case of valuable collections, failure to properly value your estate may result in the need to liquidate some or all of the collection in order to pay estate expenses, including estate tax. If the total estate value exceeds the estate tax filing threshold, which is

## Creating an estate plan for a beloved pet

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currently \$1 million in Massachusetts, then an estate tax return needs to be filed and liquid money would be needed to pay any tax due. There are planning techniques available for those who have substantial collections in their estate that they do not want liquidated for the payment of expenses; however, the planning techniques must be undertaken prior to your passing in order to be most effective.

If you are an avid collector and you expect someone else to value the collection after you have passed away, you must take steps now to ensure the proper documentation, maintenance, and disposition of your collection. Only by doing so can you ensure that your treasure will carry on as another man's treasure.

*Gina M. Barry is a Partner with the law firm of Bacon Wilson, P.C., Attorneys at Law. She is a member of the National Association of Elder Law Attorneys, the Estate Planning Council, and the Western Massachusetts Elder Care Professionals Association. She concentrates her practice in the areas of Estate and Asset Protection Planning, Probate Administration and Litigation, Guardianships, Conservatorships and Residential Real Estate. Gina may be reached at (413) 781-0560 or [gbarry@baconwilson.com](mailto:gbarry@baconwilson.com)*