

## Collector's Primer: planning for the continuation of your cache

*Gina M. Barry, Esq.*



Rare is the person who collects nothing. 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. Some 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 generations of family history.

When it comes to your cherished collection, you should be aware of these important considerations.

### **Keep good records**

You'll want to be sure to properly document your collection. Retain records of your acquisition of the item, including the purchase date and price, as well as the condition of the item and any identification numbers or other identifying information. If your items are not located in an obvious location, provide location information for each item. Moreover, if you have chosen to insure your valuables, you should also be sure to maintain current copies of all insurance contracts.

### **Provide proper care**

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 safe 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 avoid 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 might consider leaving the items to the heir who will maintain and cherish the collection while leaving other assets to any remaining heirs.

### **Make it official**

Once you have decided to whom you would like to leave your collection when you pass away, it is important to 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 or a trust that addresses your collection.

### **Consider tax implications**

In the case of valuable collections, failing to properly value your estate may result in the need to liquidate some or all of the collection in order to pay estate expenses, particularly estate tax. If the total estate value exceeds the

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estate tax filing threshold, which is currently \$1 million in Massachusetts, then an estate tax return needs to be filed and cash would be needed to pay any tax due. There are planning techniques available for those who have substantial collections that they do not want liquidated for the payment of expenses; however, the planning techniques must be undertaken before death.

If you are an avid collector and you expect someone else to value your 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.

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