



# THE WHITE PAPER

## Your Guide to Life Planning

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## Art and Collectibles: Planning for the Transfer of Your Treasured Property

For many individuals collecting artwork, jewelry, antiques, and other vintage treasures is a lifelong passion. Deciding what is to become of your valuable personal assets when you are no longer around to care for them is not something to take lightly, particularly when it comes to planning for the distribution of your estate.

Let's say over the years you have accumulated several valuable oil paintings. Ask yourself: Do I want to pass my collection on to family members? Do they have the expertise to manage valuable or fragile assets? Would a museum be a better home? Is it economically feasible to keep my collection intact, or will I need to sell some pieces to cover various expenses?

If you don't address these questions while you are here and able to do so, it is likely that your estate executor or attorney -- who may not have your passion for art -- will do so for you when you're gone. Deciding what to do with a treasured collection generally involves three tasks: assessing value, naming beneficiaries, and communicating your intentions.

### Assessing Value

Putting a price tag on your collectibles is, pardon the pun, more art than science. Viewers of the "Antiques Road Show" on PBS know that the appraised value of unique property sometimes surprises even the owner. You'll want to consult a professional appraiser who specializes in your type of collectible. Location, too, may be a consideration. If you own a prized statue from a local sculptor, you may want to speak to a nearby appraiser who is familiar with the regional market.

A paper trail -- receipts, newspaper articles, old photos, and letters -- that can help trace the history of, for example, an antique Smith & Wesson revolver collection could enhance your appraisal. After all, if sold at auction, a gun proved to be fired by Teddy Roosevelt would most certainly bring in a higher bid than one owned by an anonymous cowboy. Needless to say keeping good records that include the tax basis and appraised value of collectibles will come in handy when assessing capital gains, identifying gift and donation deduction amounts, and submitting insurance claims should such property become lost or damaged.

### Naming Beneficiaries

When drafting a will, be specific in bequeathing your tangible and personal property. Doing so will help you avoid the potential for family discord by noting item-by-item who gets what and under what circumstances. For added clarity, it may be wise to identify primary and alternative beneficiaries for such items.

### Gifts to Charity; Weighing the Tax Implications

You may want to consider making a charitable gift to a museum or other reputable institution. Passing along property during your lifetime may be one way to minimize estate taxes. By consulting with your tax advisor, you might decide to make a gift during your lifetime that offers an immediate tax deduction. In contrast, bequeathing a gift postmortem may mean missing out on any income tax benefits while you are alive.

A formal gift agreement will spell out the terms of the transfer. For instance, would you want a particular item to be on a permanent or restricted exhibit? Should your gift be made anonymously or should the piece include your family's name engraved on a plaque?

### Preserving Your Valuables for Posterity

It is important to leave sufficient liquidity at your death to avoid the unintended sale of a treasured collection to raise fast cash. Creative life insurance strategies may be employed to match the value of the donation. A trust professional working with your attorney can explain other strategies that may help execute your charitable wishes and extend your legacy for future generations.

### Communicate Your Intentions

No matter what approach you choose, it is important to communicate clearly with family members and other third-party beneficiaries. Write your wishes down to mitigate chances for misunderstanding. With proper planning, you can enjoy your passion and take advantage of potential tax benefits at the same time.

This communication is not intended to be legal and/or tax advice and should not be treated as such. Each individual's situation is different. You should contact your legal and/or tax professional to discuss your personal situation.

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