



# **Pioneer Bank & Trust**

## **Trust & Investments**

### **Local.**

*704 7th Ave, PO Box 729  
Belle Fourche, SD 57717-0729  
Phone (605) 892-3494  
Fax (605) 892-2115*

*2001 W Omaha St, PO Box 9189  
Rapid City, SD 57709-9189  
Phone (605) 341-2265  
Fax (605) 341-7425*

*140 E Jackson Blvd, PO Box 10  
Spearfish, SD 57783-0010  
Phone (605) 642-2725  
Fax (605) 642-1736*

## **Estate planning for collections**

It seems that everybody collects something these days. Many collectors have spent a lifetime gathering the items in their collection. The collector's sentimental attachment to the collection is often greater than any other assets that he or she owns. A careful discussion of a collection's disposition is critical. Among the issues to be resolved:

- The owner should be encouraged to create files or notebooks containing detailed information, including documents on loans of parts of the collections to third parties, insurance policies and receipts for the objects in the collection.
- A skilled collector of unusual objects often will have a better understanding of the value of his or her collection than anyone else. Be careful, though, the sentimental attachments tend to distort the perceived value.
- The skilled collector generally knows who the other collectors are in the field. They will often serve as the best people to value the collection, particularly collections that have no recognized market and few collectors (e.g., tax memorabilia).
- It is important to maintain any reference materials that the collector has on the collection. Such works can prove invaluable to the Personal Representative in deciding how to handle, store and dispose of the collection.

Perhaps the most difficult issue is the collection's ultimate disposition. The documents should specifically address how the collection will be handled after the collector's death. If the collection is to be transferred to a museum or other charity, arrangements for such a disposition should be made by the collector prior to death.

If the collection is to be passed to family members, the collector must decide whether the collection should remain intact by giving it to one family member or to divide it among a group of heirs. If a group of heirs will receive the collection, the manner in which the collection will be divided up should be addressed. For example, are specific items to be passed to specific heirs, or does the Personal Representative have the authority to decide how to make the dispositions?

If the collection is to be sold, other issues arise. For example, if the sale is by a private sale, what assurance does the Personal Representative have that the price is appropriate? In most cases an independent appraisal should be obtained before the sale to protect the Personal Representative from fiduciary liability. If the sale is through a dealer, the Personal Representative should make sure to check the dealer's background and reputation and confirm that the sale price is in the range of any independent appraisal.

If the collection has value, the time and expense of an estate plan for it will be entirely worthwhile.

(June 2016)

© 2016 M.A. Co. All rights reserved.