

Getting sentimental over your tangible personal property

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As a formal estate planning term, “tangible personal property” likely won’t elicit much emotion from you or your loved ones. However, the items that make up tangible personal property, such as jewelry, antiques, photographs and collectibles, may be the most difficult to plan for because of their significant sentimental value.

Without special planning on your part, squabbling among your family members over these items may lead to emotionally charged disputes and even litigation.

Communicate clearly

There’s no reason to guess which personal items mean the most to your children and other family members. Create a dialogue to find out who wants what and to express your feelings about how you’d like to share your prized possessions.

Having these conversations can help you identify potential conflicts. After learning of any ongoing issues, work out acceptable compromises during your lifetime.

Bequeath assets to specific beneficiaries

Some people have their beneficiaries choose the items they want or authorize their executors to distribute personal property as they see fit. For some families, this approach may work. But more often than not, it invites conflict.

Generally, the most effective strategy for avoiding costly disputes and litigation over personal property is to make specific bequests — in your will or revocable trust — to specific beneficiaries. For example, your will might leave your art collection to your son and your jewelry to your daughter.

If you use a revocable trust (sometimes referred to as a “living” trust), you must transfer ownership of personal property to the trust to ensure that the property is distributed according to the trust’s terms. The trust controls only the property you put into it. It’s also a good idea to have a “pour-over” will, which provides that any property you own at your death is transferred to your trust. Note, however, that property that passes through your will and pours into your trust generally must go through probate.

Plan for *all* of your assets

Your major assets, such as real estate and business interests, are top of mind as you prepare your estate plan, but don’t forget to also plan for your tangible personal property. These lower monetary valued assets may be more difficult to deal with, and more likely to result in disputes, than big-ticket items.

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