

Assets with sentimental value require extra planning

Published on July 3, 2019

When planning your estate, you're likely focused on major assets, such as real estate, investments and retirement plans. But it's also important to "sweat the small stuff" — your tangible personal property. Examples include jewelry, antiques and photographs.

These personal items — which often have modest monetary value but significant sentimental value — may be more difficult to deal with, and more likely to result in disputes, than big-ticket items. Squabbling over these items can lead to emotionally charged disputes and even litigation. In some cases, the legal fees and court costs can eclipse the monetary value of the property itself.

Prepare a personal property memorandum

Spelling out every gift of personal property in your will or trust can be cumbersome. Perhaps you want to leave your son a painting he's always enjoyed and give your daughter your prized first-edition copy of your favorite book. You may want to leave your coin collection, which has never interested your children, to an old friend. And so on.

If you wish to make many small gifts like these, your will or trust can get long in a hurry. Plus, any time you change your mind or decide to add another gift, you'll have to amend your documents. Often, a more convenient solution is to prepare a personal property memorandum to provide instructions on the distribution of tangible personal property not listed in your will or trust.

In many states, a personal property memorandum is legally binding, provided it's specifically referred to in your will and meets certain other requirements. Check with your attorney. You can change your memorandum or add to it at any time without the need to formally amend your will. Even if it's not legally binding in your state, however, a personal property memorandum can be an effective tool for expressing your wishes and explaining the reasons for your gifts, which can go a long way toward avoiding disputes.

If you use a personal property memorandum, it's advisable to include certain property in your will or trust, such as high-value items, gifts to nonfamily members or other gifts that are susceptible to challenge.

Little things mean a lot

As you plan your estate, don't overlook tangible personal property. The dollar value of these items may be relatively low, but their emotional value demands careful planning to avoid hurt feelings, misunderstandings and disputes.

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