

Why Should Your Art Collection Be Part of Your Estate And Tax Planning?

Your carefully curated fine art collection is an important, and often emotionally charged part of your estate. If not specifically addressed in your will, or some other arrangement isn't made, your important fine art falls into the residue of your estate (the remainder of the estate after specific bequests of particular assets, and after debts, fees, and taxes are paid). This can make it very difficult to equally divide it in the manner you would like.

It is important to lay out in your estate plan whether the fine art is an outright gift for the recipient to do with as they please, or part of a wider legacy plan. A trust can be an invaluable tool for planning what happens to a fine art collection and protecting it from creditors.

There are many practical considerations to be analyzed, including how the collection is to be stored, insured, and transported during the probate process. There may also be substantial tax implications, including capital gains that may be payable on fine art assets that have appreciated.

Of course, damage, loss, or theft of improperly insured fine art can result in the loss of this important asset, to the detriment of your estate plans.

Serious collectors should compile a clear inventory in an artwork archive database, and ensure that this inventory dovetails with, and is adequately covered by, their insurance program.

Further, candid conversations with your heirs regarding your fine art estate plan will lay the foundation for a formal strategy to plan for pieces of your collection to pass to a museum or university, or be sold, in the event your heirs are not interested in keeping them.

The attorneys in the Flaster Greenberg Art Law group share a passion for fine art, and work together to provide comprehensive representation for our clients. We offer experienced counsel to US and global clients in Art Law related matters.