



The Accidental Art Collector

You look at it every day-the painting hanging on your wall that you inherited from your grandmother, or a silver tea service that came from some long-ago ancestor. Or perhaps you have a stamp collection or a set of maps sitting in a safe deposit box.

What do you do with them? What are they worth? How do you plan to pass them along to future generations? Planning for fine art or other special collections can seem like a daunting task.

Artwork or other collectibles often comprise a special part of a family's assets. In addition to holding deep personal meaning, they may also have significant financial value. And while these items should be viewed just like other assets such as real estate or financial investments, there are some unique factors and complexities to consider.

Having advised families on estate and tax planning for many generations, we have some observations about the planning process for art, along with suggestions on where to begin.

1. As with any estate planning or family decision, identifying your goals and priorities is usually the best place to start. For example:
 - * Do you want to keep the art or collectible because it has special sentimental meaning or because you simply enjoy it?
 - * Is passing the work to future generations important to you or others?
 - * Do you need the proceeds from the art for retirement or the expenses of your estate?
2. Determining what you have and how valuable it is will assist you in making the appropriate tax, insurance, estate planning and charitable decisions. Therefore:
 - * Retain and organize deeds of sale and receipts from the purchase of a work and any other documentation, such as the auction catalog or exhibition information, that will help establish the trail of ownership or provenance for a specific work or collection.
 - * Hire a qualified appraiser who specializes in that particular type of work to determine its value and update the valuation on a regular basis.
3. Once your goals are set and you know the value of your art or other collectibles, there are a number of ways to transfer or maintain ownership that have a variety of income tax and/or estate tax consequences. There will also be opportunities to sell the works or to donate them to a charitable organization.
4. For artists who have works of art that they created or received as gifts, these considerations are often slightly different and may call for a different strategy

Introducing the Hemenway & Barnes Art and Collectibles Advisory Group

Does planning for your art and collectibles seem like a daunting task? Learn how we can help you ensure that your wishes are carried out. Being well-informed can help avoid unexpected outcomes.

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than those for collectors of art created by others. For instance, there are tax reasons to defer gifts of the art to charity or individuals during the artist's lifetime.

5. If you have an extensive collection, it is important to create a good inventory that includes key information, such as the title of the work, date created, name of the artist, cost, description and current value.

While you may have become a collector accidentally, you don't need to leave the fate of the works to chance.

Getting Started

Contact your Hemenway & Barnes attorney or the author of this advisory if you have questions.

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