

How to Keep Peace Among Heirs

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David Altshuler recently bid at auction for a vintage necktie.

The event wasn't set up by an auction house or to benefit a charity. Instead, he was bidding against his two siblings in a private, Web-based auction that they held to divvy up their late father's personal property.



Distributing a family's tangible belongings -- often mundane knickknacks with far more sentimental value than monetary worth -- has long had the potential to ignite family feuds. Divorce and second marriages can add to the tension, as children and stepfamilies vie for valued objects.

Now, families and estate planners increasingly are turning to a number of novel strategies, including family auctions and a round-robin selection strategy, to divide tangible property without splitting families apart. Recent online tools also can help family members divide up a parent's belongings.

Poor advance planning can cause much of the friction. In many wills, parents simply leave their possessions to their children, without specifying who gets what. Also, people often make informal, oral promises to heirs over the years.

John Scroggin, an estate lawyer in Roswell, Ga., says one of his clients told her son that he would receive the family's grandfather clock. But she also promised the same clock to her daughter. After the mother died, the son started carting the clock out of the house. When the daughter saw this, says Mr. Scroggin, the two siblings ended up in a fistfight, breaking the clock in the fracas. Now, several years later, the siblings still don't talk.

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WSJ's Rachel Silverman discusses the [logistics of a family auction](#)², which is being used more frequently as a creative technique devised to divide up property fairly when a relative dies.

Moreover, greedy heirs or their spouses sometimes filch objects before the estate is fully accounted for and other heirs have a chance to check out the items. "I've gotten to the point that we will go in when someone dies and get the locks changed almost immediately," Mr. Scroggin says.

Mr. Altshuler, an executive director of a charitable foundation in Cambridge, Mass., wanted to avoid such tensions. After his physician father died a couple years ago in Denver, his mother requested that he and his two siblings divide most of their father's stuff. The siblings spent a weekend in Denver picking out objects they wanted. Most items weren't contested. But there were 37 pieces, such as their father's silver-striped wedding tie and a 1971 white Buick Riviera, that more than one sibling desired.

Mr. Altshuler's solution was to hold a sentimental auction, so-called because many of the pieces

Splitting Heirs

Here are some steps a family can take to minimize or resolve fights over possessions.

Gather family members to talk about who wants what while everyone is still in good health. If more than one heir wants the same thing, the parents can have the ultimate say.

The University of Minnesota has created a detailed workbook, video and Web site, <http://yellowpieplate.umn.edu>, with pointers to help families hold these discussions.

Fair doesn't always mean equal. Some families take into account care-giving contributions, economic status or family situations when determining how to distribute property.

Formalize property-distribution decisions either in a will or as a separate personal-property list that's referenced in the will. Some families also draw up side letters or videos that further explain their intentions.

Some families choose to tag objects with labels in order to designate who gets what.

Other families hold "sentimental auctions" in which family members bid on objects using "virtual points," rather than real money.

Another alternative is a round-robin process, in which family-members take turns picking out items they would like to have.

Source: WSJ research

auctioned had little economic worth, but were rich in sentimental value. Instead of using cash, each heir received 10,000 "virtual points" to spend. "If we had brought cash into it, it would not have felt as fair," Mr. Altshuler says.



The Altshuler family

After their physician father died, the Altshuler children bid on some of his belongings, which included (clockwise from top left) a custom thermometer, wedding tie, student pilot log, test tubes and bow tie.

Armed with a

digital camera and PowerPoint, the siblings created a digital catalog of the disputed items. Several weeks later, the siblings, who all live in different states, logged onto their computers. Using WebEx, an online communication tool used by companies to hold virtual meetings,

the siblings bid with their points for the items. The whole auction took about two hours.

In order to minimize any problems, the siblings set some rules. For instance, only the three siblings could bid, but their bids could be on behalf of their spouses and children. Some issues are still unresolved: There was one item -- their dad's Army shirt -- that both Mr. Altshuler and his brother were willing to bid their entire point cache for. They ended up removing it from the auction and placed it in the hands of the executor. They're still trying to figure out what to do with it, but are considering rotating possession of it every few years in a "joint-custody" arrangement.

Mr. Altshuler successfully bid for his father's wedding tie, using 7,600 of his 10,000 points, while his brother got the Buick. Mr. Altshuler recently wrote about the auction in "Trusts and Estates," a journal for estate planners, to share the idea with estate advisers.

"Dealing with an estate is an emotional minefield," says Mr. Altshuler, 45 years old. "This kind of process can make a real contribution to family happiness," he says.

Estate planners say family auctions are generally highly effective as long as everyone agrees to the rules beforehand. Mr. Scroggin, the lawyer, says he helps families with such auctions about five times a year. Most of his clients do silent auctions, in which family members submit bids on assets that they want, but don't see what other heirs bid. The highest bid price is then deducted from the bidder's inheritance.

Other families turn to a round-robin strategy, says Martin Shenkman, a Teaneck, N.J., estate lawyer. Heirs draw straws and whoever wins gets to pick out items they would like to have, often in a particular room. On each round, a different heir gets to choose first. Some families choose to appraise the items beforehand so that each family member is aware of the value of the assets they choose, says Mr. Shenkman.

As a first step, estate planners recommend that families get together to talk about who wants what while everyone is still in good health. If more than one heir wants the same thing, the parents can have the ultimate say. This also gives parents a chance to explain the history of family heirlooms so the stories behind the objects aren't lost.

"The ideal is having the conversation in advance, asking kids what they want and why, and finding out what is meaningful," says Marlene Stum, professor of family social science at the University of Minnesota, who has conducted research on property distribution. The university has created a program called "Who gets Grandma's Yellow Pie Plate?" which includes a detailed workbook, video and Web site, <http://yellowpieplate.umn.edu>³, with pointers to help families discuss property distribution. For instance, some families take into account a child's care-giving contributions, economic status or family situation when determining how to distribute property.

Another tactic is for either the parent or the children to label objects in order to designate who gets what. But beware that labels can fall off, or can be moved by unscrupulous heirs.

Olivia Birnbaum, a New York estate lawyer, says her grandmother recently invited her five children home to tag what they wanted. (Each child got a different color tag, and spouses and children stayed home.) "If they wanted to fight over a vase, that was the time," says Ms. Birnbaum. Using the tags as a guide, her grandmother then made a list of how the objects were to be divided. "Everyone still speaks to each other," adds Ms. Birnbaum.

It's smart to formalize the decisions either in a will or as a separate personal-property list that's referenced in the will. Make sure to update these as circumstances change. (Requirements for personal-property lists vary by state, so check with a lawyer where you live.) Some families also draw up side letters or videos that further explain their intentions.

With parents living longer, many want to start unloading their stuff while they are still alive. But make sure that the givers' intentions are clear, and consistent with other estate-planning documents, so other heirs don't doubt the transaction later on. Also beware of the gift tax. You can give away stuff worth as much as \$12,000 this year to anyone else, and to as many other people as you wish, without any federal gift-tax consequences.

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