

How to Transfer Art Investments to Future Generations

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It is said that beauty is in the eye of the beholder, and that statement may never ring so true as when families are deciding how and whether to transfer their art investments to future generations.

As tastes evolve and households downsize and urbanize, high net worth families are often at a loss when deciding what to do with their sizeable art and collectible asset collections. Adult children may not wish to inherit the collections and families often

realize too late that donating items to a museum is no easy task.

The process for deciding what to do with any collection should begin early. Regardless of the decision, the items should always be properly stored to reduce the effects of wear and tear. Documentation of any restorations should be kept, as appraisers and potential buyers will require this information.

On that note, while there are many appraisers, families should only use those who have a specialized knowledge of the artist. Such appraisers will have a better sense of the value and opportunities for future placement.

Art investments should be thought of as one component of the family's complete investment portfolio. For instance, there may surely be children who are thrilled to inherit the family's Rothko collection while other children would look at the care and maintenance of the collection as a burden. Households that want to bequeath equitable gifts to the next generation, would want to factor in the value of the piece and cost of maintenance of art bequeathed to one heir compared to the gift of real estate, for example, to another.

Of course, it is entirely possible that no heirs wish to inherit the art work.

In this case, high net worth families will need to [carefully plan](#) to donate or sell the collection. People often assume that museums and foundations are thrilled to accept art — especially works done by prominent figures but that is not always the case.

Premier museums are often inundated with potential gifts and turn away more than they are able to accept. Meanwhile, families may find disappointment in their beloved collection being gifted to a smaller museum to which they have no special attachment.

While there are instances of whole collections being donated to a museum — and even a wing being named in the donor's honor — these cases are often rare. It is more likely that pieces — even those by the same artist — will have to be split up to fill the specific needs of the museum. Planning for such a disposal, while preserving the value of the art, is no doubt a time consuming process, giving yet another reason why an early start and conversations with potential heirs is of utmost importance.

Should a household have questions about how to prepare for the transfer of their art investments, it is best that they consult with a team comprised of a tax specialist, attorney, financial advisor, and appraiser. For more insight or to discuss further, contact your Anchin relationship partner or [Gary Castle](#), a member of [Anchin Private Client](#), at 212.840.3456 or info@anchin.com.

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