



# How to Minimize Estate Issues

In recent years, the passing of pop culture icons has brought attention to the issue of estate matters. Michael Jackson's death in 2009 posed an interesting estate valuation issue. The King of Pop's name and likeness had a date of death value of \$2,105, due mostly to Jackson's waning popularity at the time. However, due in part to the rise in the performer's popularity following his death, the IRS argued that figure should have been \$434 million.

Further, the IRS has been trying to use this figure to justify the assessment of \$702 million in back estate taxes and penalties. The dispute is ongoing. It is highly recommended to properly and timely value estate assets to mitigate the pitfalls of contestable estate values at death.

## **Review Estate Plans Frequently**

An estate plan is more than a few legal documents and listing of brokerage accounts. Each component of a person's estate plan is developed to work in concert with current and future goals -- often with the aim of minimizing taxes. Yet, when something happens that affects one aspect of the plan -- such as an economic windfall or an addition of a new family member -- the plan should be reviewed. Barring sudden life events, plans should still be reviewed periodically to make sure the language and concept reflect the individual's intentions, and are consistent with the ever-changing tax laws. Doing so can prevent surprises following death.

## **Valuation Considerations for the Executor**

An integral part of the estate planning process is choosing an executor and making sure that he or she is well-informed. For instance, when determining the optimal valuation method for the estate, the executor should know that an estate can be valued either on the date of the decedent's death or six months later. The latter option is also known as the "alternate valuation method," which can be used if it reduces the value of the estate.

For example, the estate value could be lower if assets were disposed of for less than their fair market value during the six month period following the decedent's death. It is important to note that one method must be used for the full estate, meaning that some assets cannot be valued on date of death while others are valued under the alternative valuation method.

Due to the complexity involved, trusted advisors should be brought into estate planning matters early to avoid confusion and possible conflict following a loved one's death.

Estate planning, while essential, can be a complex and uncomfortable topic to confront. Doing so with the guidance of trusted advisors can ease the burden. For more information, or to discuss specific circumstances, contact your Anchin Relationship Partner or Tamir Dardashtian, a principal in Anchin Private Client, at 212.840.3456 or via e-mail at [tamir.dardashtian@anchin.com](mailto:tamir.dardashtian@anchin.com).



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