

FAMILY VALUES

*When a parent dies, the last thing you want is a row over inheritance. **Susanna Stuart** explains how to share the estate... peacefully*

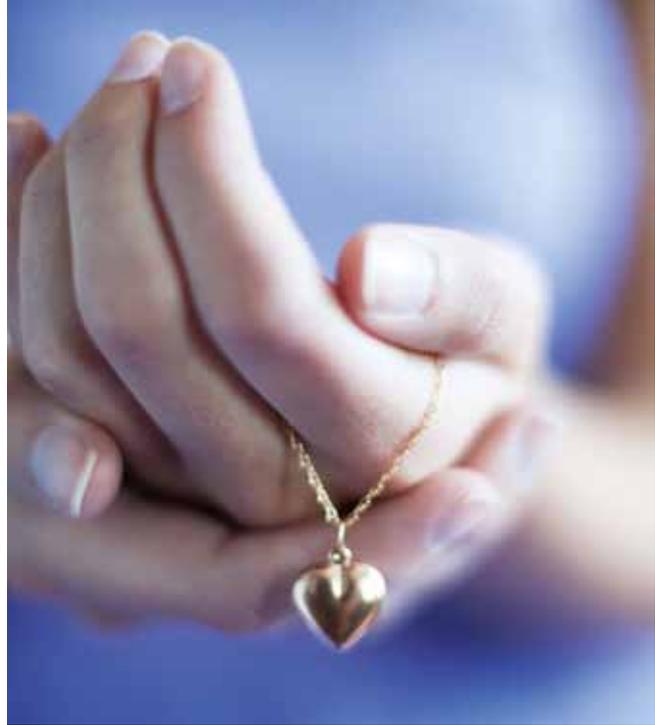
Here's a dilemma. Imagine you and your siblings are bequeathed your parents' household possessions. Oh sure, there's no dispute about the old Dralon furniture; none of you want it so out it goes! But then attention turns to the painting that always hung on your parents' living room wall. You grew up with that painting. And it wasn't just by any artist; it's a Colin McCahon, and could be worth a small fortune. So, who'll keep it? How do you split prized possessions fairly?

One sibling, who was never into art, sees only the financial value – that is, selling the painting and splitting the proceeds evenly. Another sibling sees the painting purely for its sentimental value. “How can you possibly sell this when it meant so much to Mum and Dad?” The problem here is that both are using totally different measures of value: cash and heart. Grief is also clouding their judgement.

Erika Chamberlain, of

consultancy Antique & Art Valuation Service, has helped many families to achieve what she calls equitable division. She's developed a very commonsense attitude that I feel preserves the balance between cash and heart. Her primary advice is to get valuations carried out long before there's time to squabble. “I'd always recommend the parent decide long before anyone dies how to divide up the estate,” she says. “Some parents are very well prepared and they know the value of the items when they put their wills together.”

Chamberlain recently had an elderly client who had prepared an insurance valuation on her art collection so she could divide it equally, in dollar terms, between her children. Her client wanted an insurance valuation purely as a guideline. But Chamberlain says that for legal purposes, market valuations are the accepted measure. These valuations



reflect what a professional valuer believes the item will fetch in an open auction. They know the market, which fluctuates all the time.

But what if the parents haven't made things clear in the will? How do siblings find a fair means of valuing the heirloom and sorting out ownership? One way is to put the heirloom onto the market and let the siblings share the proceeds. Also give them the opportunity to bid for the item if they want it or can afford it. However, Chamberlain warns against this approach except as a last resort.

“The problem is once an item is put on the open market there may be one or more outside bidders with deeper pockets,” she says. “There's a chance the estate will lose the item altogether.” She also points out that the estate will end up paying auction fees and commissions, needlessly.

Where she does recommend sending heirlooms to market is when none of the siblings feels any emotional attachment. Unless you have the time and expertise to handle the sale on an auction website, the two recommended options are:

- Sell the items as a job lot to

an antique or second-hand dealer. This is quick and tidy, though Chamberlain warns you need a good idea of the items' value so the agreed sum is fair.

- Send the items to auction. “This is a good way to ensure that the items achieve their true market value,” Chamberlain says. “It is best and easiest to let an expert handle the sale.”

What you don't need after your parents die is division between you and your siblings. I've seen it in the course of my work, and I always feel parents would be horrified to know how their family is being torn asunder by mere possessions. **N**

HAVE YOU HEARD...

New regulations governing financial advisers came into effect on July 1 with the aim of instilling confidence in the advice consumers receive. Advisers have to act with care, diligence and skill and must put your needs first and not mislead you. To keep them on track, they will be licensed and monitored by the Financial Markets Authority (formerly Securities Commission).

PARENTS – HOW TO AVOID BATTLES OVER THE FAMILY ESTATE

- Get a market valuation for valuable heirlooms and make sure these items are insured. Leave instructions as to whether they should remain in the family and how these will be divided. You can attach the list to your will.
- If there are small items of little market worth but high

sentimental value, you should either draw up a list to show who will get what, or you might do as my in-laws have started doing, and that's to gift these items to their children as they see fit.

- If you are unsure about the value of something, consult an expert.