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## Priceless Inheritances

NOVEMBER 9, 2015 • KAREN DEMASTERS

The fate of the late comedic actor Robin Williams' tuxedo has apparently been resolved.

More than a year after the Academy Award winner committed suicide, his third wife and his three children from two previous marriages reached a settlement in September over the disposition of his property. The iconic rainbow suspenders worn by Williams on the TV show *Mork and Mindy* were never in doubt—they went to the children—but the tuxedo he wore during his wedding to Susan Schneider was an item of contention.

Like virtually all celebrity estate battles, the Williams tuxedo case generated a lot of publicity. But advisors caution that such conflicts are not limited to the rich and famous.

In fact, estate planners say, advisors would be wise to probe for any potential landmines down the road, particularly cases where family members place a strong sentimental rather than monetary value on a family asset.

The source of trouble could be something as simple as an item of clothing.

Matt Jehn, managing partner at Royal Oak Financial Group in Royal Oak, Ohio, has two clients who are sisters who used to be very close. However, after their mother died, "one sister took an old raggedy hat and scarf that belonged to their mother and the other sister resented it. Now they do not talk to each other."

But the impact of sentimental value works both ways. Jehn had one heir who gave up \$450,000 worth of land that she said she did not want to deal with in exchange for an old sewing machine the mother used. The sister who got the land could not believe all her sibling wanted was the sewing machine, Jehn says.

Kimberly Foss, founder of Empyrion Wealth Management in Roseville, Calif., dealt with the six children—five girls and a boy—of a client who passed away. The family literally drew straws to see who would get which possessions.

But even that well-thought-out plan did not prevent all of the potential problems. The lone son drew the mother's wedding ring, which was worth about \$100, and it ended up on the hand of his wife.

The girls in the family, however, wanted the ring for sentimental reasons. When it ended up on the hand of a non-blood relative, things got heated.

"It put a huge rift in the family. They finally got back together, but 10 years passed before it happened," Foss says.

"This is an area where an advisor can add real value to their services," Foss adds. "I try to talk to my clients about where they want their possessions to go. I go to a family meeting, at Thanksgiving or Christmas, when the family is together, and act as an intermediary in talking about these issues. That takes the blame and favoritism out of the picture."

Advisors suggest the benefactors put names on items they want to go to particular people, whether the items have monetary value or not. An even better way is to make a list with as much detail as possible and give it to the executor of the estate. Appointing an executor who is not a beneficiary of the estate works best.

“Arguments over inheritances often break up families and it does not have to be over something of value. It can be about keeping memories alive and what the item represents,” Foss explains.

The Robin Williams estate is a perfect example, although his family argued about more than just the tuxedo.

Williams left his clothing, jewelry and personal items that he amassed before his marriage with Schneider to his children. But he left the house he shared with Schneider and its contents to her. He wore the tuxedo when he married her and she wanted to keep it, but it had hung in the marital home.

So who does it belong to?

We still do not know for sure since the details of the settlement have not been disclosed. But Schneider said after the settlement, “I feel like Robin’s voice has been heard and I can finally grieve in the home we shared together.”

The children did not comment on the settlement.

Phil M. Kruzan Sr., head advisor at Foster Group, a wealth management firm in West Des Moines, Iowa, says he tries to bring up these issues in the first discovery meeting with clients. When asking about estate planning, he also asks if there are certain possessions that should go to particular heirs.

One way to resolve any ensuing arguments is to hold an estate sale. When the items with emotional value come up, the family members can bid on them. “That way they have to decide how much they are willing to pay for something and the money goes back into the estate to be divided,” he says.

Memorandums filed with wills can also be used to decide possession, but Kruzan says he almost never sees clients actually take this step. Traditional families can have these disputes; blended families can have even more problems, depending on the length of any second or third marriages and how well the children from the different spouses get along, he adds.

There are also other ways to try to resolve the problem. In some instances, heirs may agree to share an item, says Leslie Thompson, managing principal of Spectrum Management Group in Indianapolis.

“But we had one family agree to do that and the item never was shared as it was supposed to be,” Thompson says. “A better way is to donate items to an organization like a local museum if possible. Give the item in memory of the person who died, so the family and the public can enjoy it.”

One precautionary move a benefactor can make is to include an “in terrorem” clause, or poison pill, in the will or memorandum saying that if anyone contests the distribution of property, he or she loses all possession rights.

“Some members of the older generation cannot talk about death or dividing property,” says Jehn. Younger generations, even people in their 50s and 60s, seem to be more able to have those conversations. Advisors note that these conversations are happening more today with clients who are baby boomers and younger, than they did in the past.

“If a family has difficulty talking about death and money, this is the area where the advisor can step in and encourage the family to open up,” he adds.

Another example: Kruzan is advisor to a wealthy family whose siblings have been tied up in an expensive court battle over the disposition of an estate. They’re fighting despite the fact that they successfully divided up millions of their parents’ assets. The source of the problem? A red toy fire truck that their father owned as a child.

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