

The "Daily Plan-It"™

ESTATE PLANNING LAW CENTER

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Passing on a Family Vacation Home Requires Thoughtful Planning

Do you have clients with family vacation homes? Perhaps they celebrate every Christmas at a mountain lodge built by Grandpa, take the kids on spring break to a beachside condo, or spend summer weekends at the old farmhouse so the little ones can catch fireflies.

How do you pass on a client's family vacation home to the next generation so that everybody still enjoys spending time together there?

An article published by the *Wall Street Journal* (<http://tinyurl.com/762fypc>) deals with this question.

The article examines some of the complex issues involved, including paying expenses and determining access and use. It's a great article to share with families considering leaving such assets, as well as with those who inherit them.

Families Are Not Simple

Once a client passes away, how will the costs to maintain the vacation home be paid? This includes taxes, insurance, utilities and repairs (i.e., a new roof).

There are other complex, family-oriented questions that take more than a spreadsheet to figure out:

- Should every child get an equal share?
- When children get married, can we protect the property from a divorce?
- How will it be decided who gets to use the property and how often?
- If one child "wants out" of the arrangement down the line, will this force a sale?

While one generation of siblings might successfully share a mountain cabin, the next generation might not. Later generations won't have the same attachment to a property, so an exit strategy should be considered as part of the plan.

Strategies to Consider

The *WSJ* article suggests putting the home in a Trust and to fund it with life insurance. A professional trustee manages the property and insurance proceeds cover expenses. If one of the kids wants to sell, the money in the Trust can be used to buy him out.

The trustee might decide on a schedule of use and whether the property should be rented out occasionally to cover expenses.

Working with an estate planning attorney will help your clients decide which strategy will best fit their needs, and ensure that the next generation enjoys the property for many years to come.

As always, I hope this article has helped you and your clients. If you have a specific case or concern you'd like to discuss, please contact our office.

Attorneys at Law

David Zumpano - Ryan Coutlée - Jennifer McDonnell - Elizabeth Evans

"The 7 Threats to Your Family Security"

ASSET PROTECTION - WILLS & TRUSTS, PROBATE,
NURSING HOME ISSUES - MEDICAID QUALIFICATION

New Hartford location: 555 French Rd., New Hartford

Monday, January 30th from 6:00 – 8:00pm
Monday, February 13th from 1:00 – 3:00pm

Syracuse location: 5789 Widewaters Parkway, Dewitt
(1st Floor Conference Room)

Tuesday, February 7th from 5:30 – 7:30pm
Tuesday, March 6th from 5:30 – 7:30pm

Seating is limited. Reservations are required.

Contact Mary Brewer, Client Services, to reserve your seat!
New Hartford 315-793-3622 Dewitt 315-446-3850

Advisors: To schedule private client workshops or in-house professional educational programs, contact Judy DiCioccio, Community Relations, to schedule a meeting @ 315-580-4050.