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# Money Matters



July 2025

## Estate planning for personal property

*An often-overlooked aspect of wealth transmission*

The term “estate planning” conjures up visions of investment portfolios, bank accounts, insurance policies, real estate, death taxes, wills and trusts. But what about all the items one has accumulated through a lifetime?

Some of them are unwanted by family members, despite their real value. Dining room sets, chairs, couches, end tables, and lamps sometimes fall into this category since adult children and grandchildren have furniture of their own. Kitchenware, china, silverware and glassware might find a place in the homes of heirs, or they might not. Usually, a family discussion is in order to determine whether giving such items to charity during life is in order, or how feasible an estate sale would be for its final disposition.

However, there are other items that have either emotional or financial value to the family members. For these items, a plan is needed.

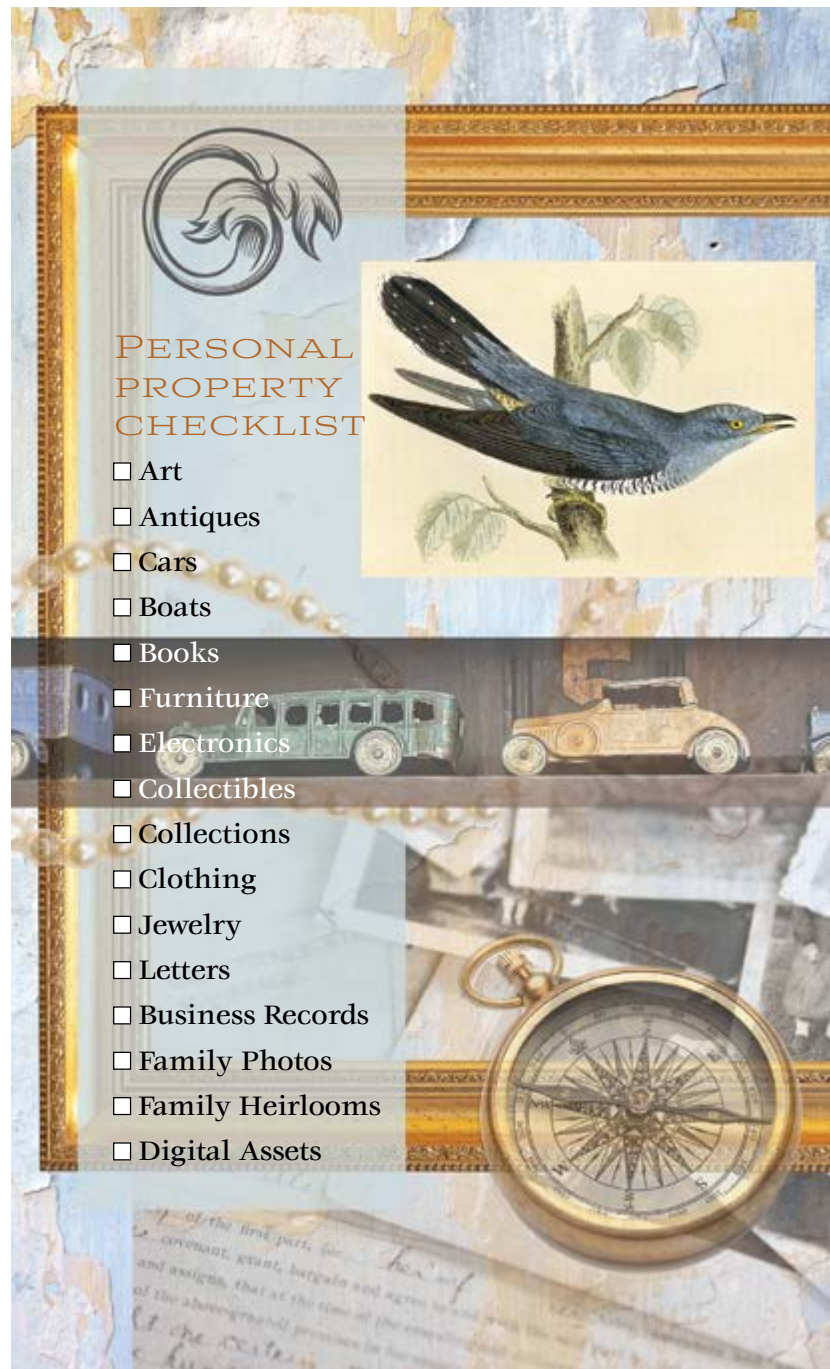
### Assess values

Begin with an inventory of any personal property that has significant value, such as fine art or a collection of rare things. The acquisition and provenance of such items should be documented. Appraisals from a qualified independent appraiser should be done from time to time, so that the property can be properly maintained and insured.

These values should be communicated well in advance to the probable heirs, so that they can be prepared to handle the property responsibly. The values may also affect plans for distribution of other assets. For example, if valuable jewelry will be passing to one child, other children might receive more cash to equalize the inheritances.

### Emotional values

Personal property often has sentimental value as family heirlooms. The desires of the heirs should be considered when creating the plans for preservation and disposition of such items. Those who will have the greatest appreciation for the heirloom are the ones most likely to treat it with care.



### Tax angles

Only large estates will need to worry about the federal estate tax, as the amount exempt is \$13.99 million per person this year. Making lifetime gifts of personal property can be an effective means of managing this portion of the family fortune. Up to \$19,000 may be given to any person without the need to file a federal gift tax return. Married couples may “split” their gift to give \$38,000 to one person without worrying about federal gift taxes, but a gift tax return will be needed even though no tax is due.

On the other hand, the tax basis of gifted property is the same as it was in the hands of the donor. If the property is held until death, the basis is stepped up to market value, which reduces capital gains taxes upon a subsequent sale. Assets that heirs are likely to sell are not the best candidates for lifetime gifting.

### Minimizing conflicts

Sometimes the nastiest fights among heirs are those over items that have more sentimental than financial value. These problems often can be defused by asking the heirs for their choices and making gifts of specific items during life. But if everyone wants the same things, a plan for rotating choices may be needed. When all else fails, it may be necessary to sell the items and split the proceeds.

### May we be of service to you?

Estate settlement and inheritance management are core parts of our daily business. Since we are neutral professionals, we can normally command the respect of all the heirs for the decisions that we make in the course of an estate settlement. Over the years, we have worked closely with many successful families on the implementation of their estate plans. Can we tell you more? We look forward to meeting with you at your earliest convenience to discuss your goals and objectives. □

## Tricky situations

These fact patterns are adapted from actual situations encountered by estate lawyers.

**Safe deposit box.** A husband in his second marriage dies. His will passes all of his personal property to his second wife. The executor of the estate finds a safety deposit box in the husband’s name that contains his deceased first wife’s jewelry. The husband’s daughter (who has joint signature authority on the box) says that her father intended that her mother’s jewelry go to her and had gifted the items in the box to her, but she has no written evidence of that gift. The second wife demands the jewelry, arguing that the daughter was just a co-lessee of the safe deposit box, not an owner of its contents.

**Simultaneous deaths.** Both spouses had children from a prior marriage. The husband died in a car accident, and the wife died the next morning. His will passed all the tangible personal property and family heirlooms to the wife if she survived him—on the assumption that she would return his family’s heirlooms to his children. Her will passed all of her tangible personal property to her husband if he survived her and, if not, to her children. Unfortunately, her children insisted that his personal property assets were their property because it belonged to their mother for the 12 hours she survived her husband.

**Uninvited guests.** Children from prior marriages held keys to their deceased parent’s residence. They have gone into the house without talking to the surviving spouse or looking at the dispositive documents because “I know mom wanted me to have all of her jewelry,” or some similar justification. These takings can constitute criminal theft. Moreover, it can create ill will with the surviving spouse, who wanted time to grieve and handle the transfer.

**One way to head off problems such as these is to have a frank family discussion of the estate plan well in advance, to settle expectations and provide a path for conflict resolution.**





# 1,000 new millionaires every day?

According to the *UBS Global Wealth Report 2025*, an estimated 680,000 new millionaires were minted in 2024. The U.S. is home to 39.7% of the global millionaires, and 379,000 joined this exclusive club last year. That's an average of over 1,000 per day, all year long. Globally, personal wealth increased by 4.6% in 2024, with the largest increase—11.35%—in the Americas. Strong financial markets and stable currencies account for the increase.

Some 35% of the world's wealth resides in the U.S., while 20% calls mainland China home. Thus, these two countries control more than half of the world's wealth. Figure One shows the number of millionaires in selected countries.

## Density

In Switzerland and Luxembourg, according to the report, one in seven adults is a millionaire. Four places have a ratio of one millionaire per ten adults: Hong Kong, Australia, the United States, and the Netherlands.

## Composition of wealth

Wealth consists of financial assets—stocks, bonds, bank accounts, and the like—and nonfinancial assets, such as real estate or private business interests. In Sweden, Israel and Taiwan, 80% of personal wealth consists of financial assets. At the other end of the scale, in India, financial assets comprise just 20% of wealth. In the United States, roughly two-thirds of wealth is in financial assets, one-third in nonfinancial assets.

## The coming wealth transfer

In the next 20-25 years, some 83 trillion dollars of wealth are projected to be transferred. Some nine trillion dollars of that will be within the same generation, as between spouses, and the balance will be intergenerational. The United States' share of that global wealth transfer is projected to be 29 trillion dollars.

As one might expect, the lion's share of wealth in the United States is owned by the baby boomers. Figure Two provides the breakdown. Roughly a quarter of the wealth is real estate, and a third is in stocks and mutual funds. About 20% is held in qualified retirement plans, and 10% in private businesses.

That calls for a lot of estate planning.□

**Figure One**

Country	Number of millionaires (thousands)
United States	23,831
Mainland China	6,327
France	2,897
Japan	2,732
Germany	2,675
United Kingdom	2,624
Canada	2,098
Australia	1,904

Source: *UBS Global Wealth Report 2025*.

**Figure Two**

Cohort	Total assets (billions of dollars)
Before 1946	\$20,131
1946-1964	\$83,306
1965-1980	\$42,554
1981 and later	\$17,127

Source: *UBS Global Wealth Report 2025*.



## Charitable giving grew smartly last year

According to the recently released report from *Giving USA: The Annual Report on Philanthropy*, total charitable giving grew by 6.3% in 2024, to \$592.50 billion. In contrast to the previous three years, giving outpaced inflation. The 40-year average for increasing philanthropy is 5.5% per year, so the 2024 experience fits with long-term trends.

The lion's share of philanthropy comes from individuals, as shown in the table below. Bequests to charity were down slightly last year, but all other sources were up.

A strong economy and rising stock prices were credited with the increase in philanthropy. "People give when they feel financially and economically secure—and that occurred in 2024," according to the report.

Religious Organizations received the largest share of gifts, at 25%, followed by Human Services (15%) and Education (15%).

Some observers feared that philanthropy might decline because the enlarged standard deduction would decrease the tax benefit of making charitable gifts. The evidence suggests that those fears were groundless. Nevertheless, Congress is considering adding a limited "above-the-line" adjustment to income for charitable gifts by those who do not itemize deductions.□



### 2025 Donations

Source	Amount (Billions)	Change from 2023	Share of Total
Individuals	\$392.45	+8.2%	66.24%
Bequests	\$45.84	-1.6%	7.7%
Foundations	\$109.81	+2.4%	18.5%
Corporations	\$44.40	+9.1%	7.5%

Source: Giving USA 2025; M.A. Co.

## They're ready for retirement—are you?



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