



WILLS, TRUSTS & ESTATES: Plain And Simple

Estate Planning Mistakes In Celebrity Estates

By Patricia C. Marcin, Esq. ©2015

Estate planning mistakes by celebrities are no different than mistakes made by “ordinary” people; it’s just that the numbers are usually much larger. Here’s a look at some common mistakes that can significantly affect an estate plan.

Jimi Hendrix, Amy Winehouse and Barry White all had no Wills. At death, with no Will, state law controls who gets your assets. Absent a Will, New York law provides that when a decedent dies leaving a spouse and children, the decedent’s assets are to be distributed one half to the spouse and one half to the child or children. Most people want their spouses to benefit from 100% of the property and the children to receive the property on the death of their spouse. Furthermore, absent a Will that provides for trusts for assets passing to children, if the children are minors, the court will appoint a guardian of the property to

hold and administer the assets passing to the minor child, and then the child will receive the assets outright at age 18! The guardian is required to file with the Surrogate’s Court annually, giving the court information as to the investment and spending of the assets set aside for the child. The cost of this annual “accounting” is borne by the child’s assets. With a Will containing trusts, these problems can be eliminated.

Philip Seymour Hoffman died in 2014, leaving a \$35 million estate and a Will he had signed in 2004. The Will provided for a trust for his oldest child (two more children were born subsequently) and the balance of his estate to his partner, Mimi, the mother of his children. He and Mimi never married, so there was no estate tax marital deduction available for assets passing to Mimi. The total estate tax hit – almost \$15 million! He also didn’t use life insurance held in a trust to “hedge” against the estate taxes. Finally, he specifically mentioned only his oldest child in his Will, the lesson here being to keep your Will up to date. (Note that in New York, children born after the execution of a Will share equally in the bequest made to the named child.)

James Gandolfini died in 2013, leaving an estate valued at \$70 million. His Will left \$1.6 million in bequests to friends and relatives, and then 60% of the balance to his two sisters, 20% to his daughter and 20% to his wife, so that more than 80% of his estate was subject to estate taxes! He could have made bequests to people other than his wife up to the estate tax exemption amounts (in New York, \$3,125,000 beginning April 1, 2015 through March 31, 2016; \$5,430,000 for 2015 Federal exemption amount), and have left the balance in a marital trust for his wife to benefit from during her life, with the remainder of the trust passing to whomever he desired at her death. If he really wanted his daughter, sisters and relatives to receive assets in excess of the estate tax exemption amounts, he probably should have considered a trust holding life insurance that could have been used to pay some or all of the estate taxes.

Robin Williams died in 2014, leaving an estate valued at \$50 million. He left a trust for his children, which provided that they are to receive significant portions of the trust assets at ages 21, 25 and 30. The first problem is children receiving big chunks of money at such young ages. A 40 year old will most



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likely spend money more judiciously than a 21 year old. The second potential problem is not continuing the trusts for longer to protect the assets from potential creditors of the children, including in the event of divorce.

Heath Ledger died at age 28 in 2008, leaving a Will that he had signed before the birth of his daughter and before his relationship with her mother/his girlfriend. His Will left everything to his parents and his siblings. In New York, neither a decedent's children, nor his or her unmarried partner, have a right to share in a decedent's estate. The moral of this story is to keep your documents up to date, including any with a beneficiary designation, like insurance policies and retirement accounts.

If there is a trusts or estates topic that you would like to know more about, please feel free to email me at pmarcin@farrellfritz.com with your suggestion and I will do my best to cover it in a future column.

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