

Transferring Cherished Possessions: Who Gets What?

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Estate planning can be a complicated process, especially when considering how to transfer personal property to people who will want and care for it after your death. The task of sorting through a lifetime of belongings can be overwhelming. It's natural to feel a range of emotions or to procrastinate on the task to protect yourself from feelings that may surface. You also may be worried about treating all heirs fairly and not hurting anyone's feelings as you make difficult decisions. Being mindful of family dynamics while estate planning requires you to delicately balance financial, emotional, and psychological considerations.

Planning to Distribute Your Assets

When deciding “who gets what” in your estate, one way to simplify the process is to inventory your home one room at a time. This is called creating an asset distribution plan. Simply put, an asset distribution plan details how your assets (the items in your home) will be distributed and disposed of upon your death. Your plan should contain four columns with the following titles: possession, recipient, reason, and distribution method.

To begin, select one room in your home to inventory, jotting down notes as you go. In the possession column, list each item or group of items you find. In the next column, indicate the recipient you want to receive that belonging. It can be a specific person, like a loved one, or it can be an organization, like a donation center. In the reason column, note why the item is or is not special, as well as why you've selected that recipient. Finally, select a distribution method, which will be discussed more in a later section.

The methods you choose may be private and personal, such as creating an itemized inventory of your assets, or public, such as having an auction or estate sale. You may choose to begin distributing your possessions during your lifetime by gifting, donating, or decluttering. Or you may have your executor distribute items after your death based on the instructions set out in your will or Letter of Last Instructions.

Legal Considerations

Whatever asset distribution method you choose, it is important to ensure it is legal in Kentucky. For example, if you ask your children to look around the house and place



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nametags on the items each person wants—also known as labeling—it will likely not be considered legally binding in a court of law.

Additionally, if particular assets carry monetary value, especially antiques and jewelry, it may be wise to have an appraiser estimate their worth and make the valuations known to all beneficiaries for transparency during the planning or settlement process. You also will want to make sure you or your executor are compliant with Kentucky estate tax laws. Consulting with an estate planner or family attorney is recommended. For more financial and legal considerations when estate planning, review the Kentucky Extension publication *Federal and State Estate Taxes* (FCS5-427).

Sample Distribution Methods

Before you can communicate a plan for distributing your cherished possessions and other non-titled property, first you must have a plan. This begins by identifying distribution methods for your household items. This publication lists some of the most common methods used when distributing personal property. These methods can be used either while a person is living when downsizing or after death when the contents of the estate are settled.

Personal Methods

Itemized Lists

Unlike your titled property, cherished possessions and other non-titled property can be numerous. Listing these items in your will may create unnecessary costs if you frequently change your mind. Instead, make an itemized list of your non-titled possessions and attach it to the will. This allows you to amend your wishes more easily without additional legal bills. Upon your death, your executor can follow the provided instructions to quickly distribute your things. Be sure to include instructions for household items not listed, such as donating clothes or kitchenware to a local charity.

Gifting

Gifting cherished possessions during your lifetime provides you with an opportunity to share the stories behind each item. How and when did you get the item? Why is it special to you? Are there any funny or sentimental stories or memories connected with it? Personally gifting possessions is a way to pass down family history to future generations. Distributing some assets while you are living may also reduce relationship strain. Before you decide to gift large or valuable items, however, seek legal counsel to ensure you adhere to Kentucky estate tax and probate laws.

Duplication

Advances in technology and digitalization make it easy to share special mementos. Instead of selecting one loved one to receive photos, documents, videos, or recipes, for example, have copies made so that everyone has these memories to cherish.

Private Methods

Making Donations

You may choose to donate possessions to a local museum, library, school, community center, or other organization for the benefit of society. This option may be a good fit if you own special collections, historical artifacts, collectibles, or antiques that hold significant public interest. You also may choose to donate to charitable organizations any household items that do not hold sentimental value for your heirs, such as small appliances or clothes.

Drawing Lots

Drawing lots allows heirs to take turns in picking out cherished or sentimental items. This method gives everyone a chance to choose what has value to them by regulating the selection process. Lots may start with children and then move to grandchildren and siblings, depending on family structure and preferences.

Holding a Private "Auction"

Holding private family auctions can regulate the selection process. Heirs bid on items they want most with tokens or a designated dollar amount from the value of the estate. Families can customize how they choose to distribute the amount to create a fair process between children, grandchildren, or extended family.

Going Virtual

If your family lives in different geographic locations, meeting in person to settle an estate may be difficult. Online or virtual alternatives allow all family members to be included. This method involves creating an online photo catalog or album of all household items for heirs to view before holding a virtual meeting. This method pairs well with other in-person methods (for example, private auctions or drawing lots).

Public Methods

Garage Sales

Garage or yard sales are particularly useful when cherished possessions have been distributed but the estate still contains general-use items such as furniture, small appliances, knickknacks, and clothes. Garage sales are typically held outdoors. They are also good ways to reduce clutter and downsize household belongings during your lifetime. When done while an estate is being settled, the proceeds from the sale count toward the value of the estate.

Estate Sales

Estate sales are typically conducted inside an estate as it is being settled. Estate sales are held shortly before the home and land are listed for sale, and they include everything in the home and on the property. While patrons can negotiate the price of items at a garage sale, an appraiser typically values and prices the items at an estate sale. This lets the beneficiaries understand the expected proceeds from the sale.

Public Auctions

Like an estate sale, a public auction is open to the community. An auction company may host the auction at the estate or at an auction house. Attendees can inspect items before the auction begins and place bids as the auctioneer presents items for sale. Some auction companies allow online bidding.

Outsourcing Distribution

You may choose to hire a third-party service to help with moving or downsizing, or to assist your executor as your estate is settled. Examples of third-party services include liquidators and senior move managers.

Liquidators

A liquidator can oversee the selling of assets while the owner or estate receives the proceeds. A liquidator may require a fee for service, but it may reduce the stress of arranging a sale or auction. Refer to <https://estatesales.org/how-to-select-an-estate-sale-company> for additional information.

Senior Move Managers

A senior move manager is a hired professional who provides services such as going through household belongings and arranging them for distribution or sale, managing the sale of your home, overseeing movers, or planning what to move to a smaller space. To learn more about services offered by senior move managers, visit <https://www.nasmm.org/find-a-move-manager/>.

Estate planning for non-titled property can be a large task, so there's no better time to start than the present. Begin by creating an asset distribution plan and inventory each room of your home. Rather than becoming overwhelmed by emotions that may surface, try to find joy as you reminisce about past times. Enlist the help of a friend or family member with whom you can share stories and memories for each cherished possession.

References and Recommended Resources

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This publication is Part 3 of the Transferring Cherished Possessions series:

Part 1: Where Do I Start? (FCS5-479)

Part 2: What Is Fair? (FCS5-480)

Part 3: Who Gets What? (FCS5-481)

Part 4: How Can We Communicate Without Conflict? (FCS5-482)