

Estate Planning: It's an Art, Not a Science

By ARDEN DALE OCTOBER 12, 2010 WALL STREET JOURNAL

When someone dies, heirs can be surprised to learn what the estate holds for them. They aren't alone, either: Estates are often shrouded in some mystery even for the people who plan and manage them.

It is logical that an estate plan should offer a clear map of what a person owns, but this isn't always the case. Sometimes that person doesn't have an accurate balance sheet to start with, and chooses not to update it or to share every detail. Bad communication between attorneys and advisers may also create trouble.

In one case, says Don R. Weigandt, a wealth adviser in the Los Angeles office of J.P. Morgan Private Bank, the children of a man who was supposedly quite wealthy discovered at his death that the family business was no longer worth much and most liquid assets had been used up.

The children knew he had stashed away some valuable jewels in his safe deposit box, and in fact had actually seen them there. When it was opened, however, only some old papers remained. "We never did find out what happened to them," Mr. Weigandt says.

A lawyer who drafts an estate plan may try for a full accounting of assets and fail to get it through no fault of his own. Making a plan then can be like moving around boxes, the exact contents of which aren't known.

"Life is full of surprises," says Carol Kroch, managing director, charitable trusts and head of wealth and financial planning at Wilmington Trust. "Nobody walks in and says to their lawyer, 'I'm not telling you about the other \$50,000.'"

A car collection, art work or even a house can go unmentioned; there are many things that can fall between the cracks. People may withhold information because they do not entirely trust an adviser, or because they are embarrassed to talk about money.

A good estate planner, says Duncan E. Osborne, a partner at Osborne, Helman, Knebel & Deleery, chooses not to represent someone he feels isn't forthcoming. Still, ambiguities about net worth are often at the heart of estate planning.

A big part of the job is to value assets properly, and that task is an art, not a science. A person may not even know himself what he is worth if, for example, he owns a lot of different partnership interests.

M. Holly Isdale, a consultant to high-net-worth people, has set up "doomsday" books for clients that compile information for estate planning but also can be helpful for keeping tracks of assets in portfolios.

When advisers don't work well together, a family or estate owner may not want to run interference, as getting everyone together in the same room is costly. Failing to do so, however, can result in some assets going missing.

Even a plan that starts out based on a complete accounting will be thrown out of whack if the estate owner doesn't come in to update it after a big life event like marriage or the sale of a business. Oversights like this are more common than one might think.

An example of this, Ms. Kroch says, might be a family whose business was just beginning when the plan was made but "didn't call back to the lawyer and say, 'What do you know, we had the IPO.'"

When the end finally comes and a person dies, trustees and executors are almost bound to discover something they didn't know. In the most extreme cases, the surprise is the estate itself, because an executor can be named in a document without knowing in advance.

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