

WEEKEND INVEST

Sibling Rivalry and Estate Planning

BY VERONICA DAGHER

When a parent dies, siblings may battle for years over their inheritance.

For example, a sibling of the late guitarist Jimi Hendrix and a company affiliated with another sibling recently reached a tentative settlement in a suit involving the Hendrix estate.

WEALTH ADVISER

Their father, Al Hendrix, died in 2002 and left Jimi Hendrix's estimated \$80 million estate under the sole control of one of the siblings. Jimi Hendrix died without a will in 1970.

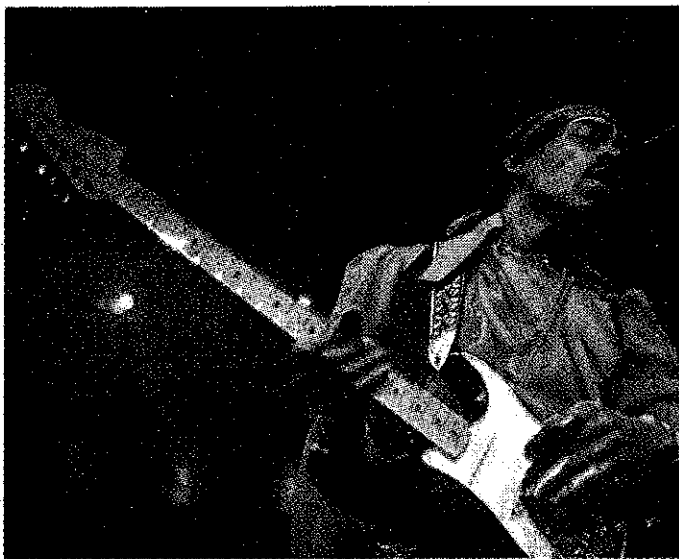
For estates of all sizes, many of these sibling battles can be avoided, estate lawyers and financial advisers say. That can require more than simply writing a will. Leaving detailed instructions regarding jewelry and other family valuables, appointing a professional fiduciary as executor and communicating your wishes before death are a few ways to prevent your heirs from battling it out once you are gone.

Battle over \$15 watch

Fights over mom's or dad's possessions—whether it is a prized watch, lucky five iron or wedding ring—is a common area of conflict in estate settlements, advisers say.

Even if the object isn't of great financial value, the emotional attachment can make it priceless in the eyes of heirs. Parents should anticipate that heirs may have sentimental attachments to certain objects, and they should plan ahead to smooth over conflicts and right any perceived wrongs.

Michael Wernersback, regional estate-settlement manager for Wells Fargo Private Bank in Bay St. Louis, Miss., recalls a particularly ugly example of two sisters who fought over their late mother's jewelry—specifically a \$15 watch that one of the daughters had given to their mother as a child. The mother had bequeathed her jewelry to the siblings "as they may decide."



WALTER IOOSS JR./GETTY IMAGES

Guitarist Jimi Hendrix died without a will in 1970.

tween the sisters, the estate executor and an attorney ultimately arranged a bidding process in which the sisters put dollar values on various assets to determine how the items would be apportioned. The sister without sentimental interest in the watch valued it at \$6,000 just to keep it from her sister, Mr. Wernersback says.

One way to avoid such battles is to make specific bequests to heirs after determining what is most important to each of them.

Parents should plan ahead to smooth over conflicts and right any perceived wrongs.

If there is a significant disparity in market value in the objects that are left to different heirs, the will can provide for a compensating legacy of cash to make up for any shortfall, says Glenn Kurlander, head of family governance and wealth education at Morgan Stanley Wealth Management in Purchase, N.Y. A will should be updated from time to time to make sure it still accurately reflects what you own, he adds.

Hire a professional?

sisters cited by Mr. Wernersback, the two women had been named co-executors by their mother. After a protracted legal battle, the court eventually removed them from that role and appointed a bank, which was subsequently acquired by Wells Fargo, as sole executor.

To avoid such scenarios, the person writing the will should "face the facts" that there are simmering rivalries in the family and plan accordingly, Mr. Wernersback says.

In this case, the mother should have known that the daughters wouldn't be able to act as partners in settling the estate. It would have been better for her to appoint an independent fiduciary as executor, he says.

Cost is one reason that families sometimes opt for individual executors rather than a bank or other institution. Executor fees vary by state statute and by corporate fee schedule.

Don't surprise heirs

One of the most common causes for family fights after a death is the feeling by one child, whether warranted or not, that he or she is being treated unequally compared with the others, says Stephanie Zaffos, managing director, trusts and estates, at Convergent Wealth Advisors in Los An-

Hard feelings also can occur when only one sibling is named trustee of a family trust.

While even great estate planning can't avoid all these family fights, disputes can be minimized with better communication while the parents still are alive, Ms. Zaffos says.

She knew one family where the brother and sister were close all of their lives. However, their relationship fell apart after their mother died.

The brother had taken care of their mother in her final years because his sister didn't live close by. He also had received significant sums of money from his mother and father, who had died earlier, and didn't pay it back.

The parents' estate was split evenly between the two children, which infuriated the sister, who had expected an adjustment for sums lent to her brother.

In such cases, a will could provide for the estate to be "equalized" by adjusting one heir's inheritance by the amount of outstanding loans. Or the parent could explicitly forgive some loans in recognition of one child's greater assistance.

The goal is to avoid surprises after a death. "Disparate treatment in the estate-planning documents can lead to feelings of 'mom/dad always loved you more,'" Ms. Zaffos says. "If children are going to be treated differently, let them know ahead of time and why."

'No contest' clause

For particularly quarrelsome siblings, parents may want to consider including a "no contest" clause in their wills, which essentially provides that anyone who contests the will forfeits the bequest he or she has been provided, says Sharon Klein, managing director of family office services and wealth strategies at Wilmington Trust in New York.

For the clause to work, however, there has to be enough incentive for the potential contestant to accept the bequest under the will, rather than lose everything if the contest is un-