



## Estate Planning

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Whenever there's a question about the value of your personal property, there's risk involved, as the following incident demonstrates.

Mrs. Clarke just moved and did not have enough room in her living room. She called a man, who bought and sold antiques, and asked him if he would be interested in buying her curio cabinet. He offered what she thought was a fair price for the curio.

She thought since the price on the curio was good why not sell other items to him also. She parted with about thirty items, some of which she could not understand why anyone would buy, for a total of \$3,500.

The person that she "trusted" to buy her items sold them for \$17,000. Had Mrs. Clarke known the value of her items would she have been willing to accept such a low amount?

When guessing at value there is always a risk. It may be of selling too low, of being under-or over-insured, or of an unfair division of property in an estate. Too often people find out that the values they have been given were from an individual who was not trained, or was interested in buying the items for resale or for their own collection. These "values", which are often disguised as "free appraisals", are typically an offer to buy.

This is not an unbiased opinion of value and is often very low. Items that you may feel have very little value; as they are not appealing to you, may have a very high value to a collector. A professional appraisal helps by providing a written, independent, and unbiased opinion of value.

Value conclusions are based on prescribed methods of evaluation, research, and report writing.

An item can have a number of different values depending on which market you sell it in and how quickly you need to sell it. For example, an old master's painting may achieve its highest value by being sold through international auction, but this may take months to complete, on the other hand it maybe able to be sold locally for less, but the money is available faster.

A professional appraiser will be able to discuss with you the different markets in which you may sell an item, and the pros and cons of each.

Often consumers feel a high value is good when the appraisal is going to be used to obtain insurance. The problem with a high value is that the insurance company reserves the right replace the item or cash settle.

If the insurance company can replace the item at a

much lower price than what it is insured for, they will do so.

The premium you pay for your insurance is based on the value you are insuring. If the item is over-appraised, you will simply be paying too much insurance premium.

Another important time to hire a professional appraiser is when you need to determine the value of your personal property for use in estate division.

As appraisers, we often get asked, "If I give this ring to my grandson, what other items would have a similar value that I can give ta my granddaughter?"

This type of appraisal is called an Equitable Distribution Appraisal. In this type of valuation it is critical that the values be accurate. In this circumstance, not only can an independent valuation help to eliminate hard feelings amongst heirs in an estate, but it can also help to prevent the estate from being involved in a costly lawsuit.

Often consumers use price guides in an attempt to determine the value of their items. This may save some time and money, but be very cautious.

Price guides are often out of date the day they are printed, or may be printed by a person that has an interest in making people think the items ate worth more or less than the true market value. Price guides also do not take into consideration local markets.

For example, a Peguegnat clock will sell for considerably more in Southwestern Ontario, than in other areas, since Kitchener (Berlin) Ontario is where they were made. The cost of hiring an independent professional appraiser before you decide to sell or insure items could save you hundreds of dollars.

Most appraisers charge by the hour, by the job, or by the piece. Ask the appraiser for a brief consultation at no charge to determine the items that need appraising and give you a quote of the approximate cost for the total appraisal.

Since you usually get what you pay for, you need to consider the fee versus the qualifications of the appraiser.

The fee you can expect to pay a professional appraiserv will be similar to fees charged by other professionals, such as accountants and lawyers, and usually range from \$75 to \$200 an hour.

Contact a few different appraisers and interview them as you would any person you hire to do a job for you. You can also call the International Society of Appraisers on the toll free referral line at 1-888-472-5034.

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