

Housing & Home Care

A Guide to Downsizing and Moving

Moving On, A Practical Guide to Downsizing the Family Homes by Linda Hetzer and Janet Hulstrand (Stewart, Tabori & Chang, New York:2004) can be as useful resource. *(The authors write, "How to get rid of the STUFF, keep the MEMORIES, maintain the FAMILY PEACE, and get on with YOUR LIFE." Easy to read and comprehensive).*

SLI has provided below, a discussion and how-to methods for disposing of household items.

Disbursement of household "moveable" items of value.

Summary:

You may be at a point in your life where you wish to dispose of valuable and or sentimental household items. The benefits of this "downsizing" are:

- Relief from the continuing burden of caring for them
- Benefit from the money received from them
- Kindness to your family who might be otherwise be burdened with the task of disposing of them after you die; or worse yet, fighting over them.

Used, "moveable" items, or "household items" are difficult to value and can be the source of contention among family members and friends. Seniors sometimes use their children's or friend's attraction to these items as a magnet because, sadly, some feel that they will be ignored once they no longer have these items.

Your household articles may be worth a large sum of money or they may require you to pay someone to remove them. You may want to determine the fair market value for these items for two reasons:

1. To sell them and enhance your enjoyment of life or future security
2. To assure your family/friends that you are dividing your items intentionally, with knowledge and fairly.

Finally, if many items have been collected over the years, you may be the only knowledgeable person to sort out what might be historically important items/documents for the family or future genealogical studies.

<p>Wells' Principle of Value for Household Collectibles: An item that sold today on eBay for \$30 can be appraised on Antique Road Show for \$300 the following week, and found at the local farmer's market for \$3 a month later.</p>

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Congratulations! You have chosen to assist your family by disposing of some of your household items while you still have the strength and energy to do so! Here are some Options and Methods to dispose of your household items.

In General:

Before selling your household items, we recommend that you first take the following steps:

1. Tag every item in your home that you wish to keep, leaving all unmarked items to be given to family (friends) or sold. Spend some time thinking about what you marked. Make a list in addition to the tags. You may change your mind several times about several items. Do not ask your family to do this, unless you do not have the capacity to make these decisions.
2. Of all unmarked items, determine with your family/friends who would like what. Some items may be obvious based on interest. Remember, it is important to distribute items in a fair manner to family members: by doing this, you will minimize future conflict between family members and possible hostility at the time your estate is settled after your death. As a possible option, you may also choose to set down a ground rule that no one will receive anything they do not plan to use—in other words, place a restriction on what you give: “nothing taken can be sold for 5 years.” In this way you would establish the fact that this disbursement is for sentimental or “useful” reasons. However, you may also decide to distribute items on the basis of value to each recipient and thereby reduce your potential tax liability.
3. The only way to determine fair value is to hire an appraiser to provide a written or verbal estimate of the value of your items. Be prepared to pay for this service: \$100-200 per hour, including travel time and research time. However, you can minimize this expense by:
 - a. Negotiating with the appraiser ahead of time an overall scope of work based on what you tell him/her over the phone or through email.
 - b. organizing all your items on tables or with tags before the appraiser comes; provide any sales receipts you may have or other historical information that will assist the appraisal
4. Be Cautious: do not sell anything to an appraiser or anyone who contacts you after the appraiser has visited. Do not tell the appraiser where, when or how you plan to sell your items. The antique business is notorious for rip-offs, even by appraisers who have been on Antiques Road Show.
5. Be Cautious: make sure you see an appraiser’s license number and reference before contracting with that person. Perform a background check.
6. AS MENTIONED ABOVE: appraising is an art, not a science. An item that sold today on eBay for \$30 can be appraised on Antique Road Show for \$300 the following week, and found at the local farmer’s market for \$3 a month later.
7. After you have determined a fair value for each item, make up a list of the items you will distribute to each family member or friends. The purpose of this list is to assure yourself that you are distributing the value of your possessions in an equal manner.
8. Distribute items to family members/friends. Do NOT allow them to store items in your home “until you leave.” Items distributed after your death are named on

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a schedule in your Will and Estate. By co-mingling them with items “already given,” you maximize the troubles for your Executor.

9. **TAX CONSEQUENCES:** items given to others qualify for taxes due the IRS and State. You are allowed to make gifts in the amount of value of \$12,000 or less, per year, in 2007. Above that, and you will have to pay a gift tax and perhaps other taxes. Your appraisal will help establish the value. An accountant or tax attorney can counsel you on whether it is best to dispose of these items by gifting them now, or putting them in storage to be distributed upon the dissolution of your estate. Consult your accountant or attorney before making such transfers of gifts.
10. If you have more than one family member/friend desiring the same item, you may want to create a method of random choice (like drawing straws) or simply have the item auctioned to avoid all conflict. Remember, the proceeds will be in your estate anyway!
11. Before you proceed to sell your remaining items, consider offering them as a charitable donation to a local organization that manages thrift shops or conducts sales for charitable causes. They will tell you about the rules of donating, and how you can receive tax exemption value for your gifts (if you itemize).

For items you do not give away to friends or family members

Option #1, The Frugal Perfectionist. This method utilizes:

1. eBay direct sales
2. flea market or antique fair sales
3. on-site estate sale(s)

Use this method if you are convinced that you have the energy and time to obtain maximum value with minimum cost for your household moveables.

Method for Option #1:

1. Take a course or buy a Dummies Book on how to sell on eBay. Buy a camera and sell all these items on eBay. Be prepared to collect prodigious amounts of packing materials and boxes, and be prepared to make daily trips to the shipper. At the same time, take items to the local flea market and try to sell them directly. By following this method, you will realize more money for your items because you will not pay dealer’s mark-up prices or auctioneer’s percentages. You will also avoid the expense of moving and storage or labor expenses to pay someone else to set-up eBay and do this.
2. Advertise in local and regional newspapers, periodicals and post handbills: estate sale. Organize friends and family to administer this.

Option #1 Advantages:

- You receive maximum price for you items
- You control the pace of what you want to sell, when you want to sell it

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- You will have an opportunity to socialize and share interests with many people who are interested in your items, and therefore, you

Option #1 Disadvantages:

- The sales process will take years, and may not be worth your time;
- The sales process will require a lot of physical strength; you will have to move each item or hire someone to do this;
- The sales process involves typical hassles related to selling (disputes over item description, discounting, damaged items, bounced checks, lost-in-the-mail items, possible sales tax liability);
- The estate sale opens your house up to all types of people who may either steal or vandalize

Option #2, The Just-Get-It-Done or Do-It-Now Method. This method utilizes:

1. outside “professionals”
2. auctions
3. estate sale

Use this method if you simply want to be rid of your household items of value with minimal concern for maximizing the actual dollars received for them.

Method for Option #2:

1. Photograph items you wish to sell or hire someone to do so; makes sure these can be downloaded on a computer. Place a number in front of each item that is photographed.
2. E-mail or send out the pictures by snail mail to reputable auction houses, antique dealers or other vendors.
3. Ask each to make a written proposal on how they would like to proceed with your items. Review the proposals with experts and/or family members. Make sure the proposals address the issue of insurance, damage, theft or breakage of items, along with clean-up of premises.
4. CONSIDER: not only who will give you the greatest value, but you might also consider who will take all of your items and relieve you of the responsibility for further sales. Auction houses or estate sales managers typically receive 25% commissions from items sold. They prefer that you deliver these items but may pick them up for no additional charge if the estate is large enough. They can also advise you if it is better to have the items auctioned at the auction house or on your property. Items that go to auction houses will usually attract more bidders, including online bidders and thereby maximize your chance at receiving the highest prices.
5. After attorney review, sign an agreement with a vendor/dealer/auctioneer.
6. An antique or collectible dealer who does not conduct an estate sale will make an offer to you to take your best items. This can be beneficial, but as a rule of thumb, NEVER take the first offer. Also, you can sell a few of your best items (called “cherry picking”) and make the remainder of your articles appear less attractive to other dealers. Your goal is to have all your items removed at the highest prices.

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7. Some people find it very stressful to be at a sale of their items. Determine ahead of time your tolerance for this activity and stress.

Option #2 Advantages:

- Your items are sold quickly at fair market value with defined markup for this service to the dealer/auctioneer
- You work with only one or two vendors, not dozens of buyers
- Your privacy is more easily protected
- If there is an estate sale on your property, it is conducted by a knowledgeable person who will protect your property

Option #2 Disadvantages:

- You pay a significant commission to have items sold
- Opportunistic auctioneers, dealers or vendors may take advantage of you (that is why you require competitive proposals and have attorney review of them)
- You may still have to endure the hardship of an estate sale on your property
- You cannot easily control the process once it is underway, and everything will likely be gone in a very short period of time

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Option #3, Mixed Method. This method utilizes:

1. using some outside “professionals”
2. taking items to flea market
3. conducting eBay sales yourself (or through storefront eBay vendors)
4. conducting an estate sale yourself

Use this method if you want to do a combination of the above. For example, you may have a large number of household goods that are not particularly valuable but will realize a significant amount of money when sold. You may have a few items or collections of high value (I would consider a collection >\$5,000 as a high value collection). You may have unusual items that attract specialty collectors (such as stamps, guns, trains).

After your family or friends take the items you wish to distribute to them, mark the items with a color coded tag system and make lists according to these broad categories:

- Items I would give to a charity
- Items I would eBay (there are businesses that will do this for you if you drop them off)
- Items I would take to dealers
- High value items I would present to an auction house or specialty dealer/collector
- Items I would have a “garage” or “tag” sale at my house to clean-out before I move