FinancialPlanning

PRACTICE AND CLIENT MANAGEMENT

What advisors (and their clients) can learn from celebrity estate debacles

By Rob Burgess August 01, 2024, 6:15 p.m. EDT 7 Min Read

Aretha Franklin's star on the Hollywood Walk of Fame. *Adobe*

Franklin died in 2018, and initially it was believed that a handwritten will from 2010 was her final testament — but then another handwritten will, this one from 2014, was found under a couch cushion. After years of legal dispute, in 2023 a judge found the latter will to be the valid one.

Spenser Liszt is a financial planner and the founder of [Motif Planning](#) in Dallas. He's also a former professional musician who once played saxophone on stage with Franklin when she toured Texas; a large part of his clientele is now music professionals. As such, he has particular insight into why Franklin's plans may have been so lacking.

"Musicians often prioritize their art, sometimes at the expense of other critical areas of life, such as estate planning," he said. "This oversight is unfortunately common in the music industry. Artists are advised to surround themselves with business managers, agents and entertainment attorneys, but the importance of financial planners and estate planning attorneys is often overlooked."

nklin's financial plan, said Liszt.

"It's possible her team recommended she establish a proper estate plan, but she may have never acted on it," he said. "I've seen this with clients who recognize the importance of estate planning but [struggle to follow through](#)."

READ MORE: James Caan's IRA transfer penalty upheld in court

Daniel Masuda Lehrman, founder and lead financial planner at Masuda Lehrman Wealth in Honolulu, said this process could have been simplified by placing Franklin's homes in a trust and thereby avoiding probate. He said Michigan, where Franklin lived, allows so-called "ladybird" deeds, which allow property owners to transfer their real estate to beneficiaries without going through the probate process.

Learning from legends' mistakes

But Franklin is far from the only celebrity to die without clear estate plans in place.

Singer Tony Bennett's children are currently embroiled in a legal feud over his estate.

And last year, the estate of actor James Caan lost its five-year quest to avoid paying nearly $1 million in tax deficiencies and penalties relating to a partnership interest in a hedge fund in his IRA.

And those are just a few relatively recent cases. Actor Chadwick Boseman, musician Prince and rapper Tupac Shakur are others in a long list of artists who died without leaving a will.

Financial advisors who specialize in estate planning say regular clients can learn from these messy celebrity debacles.

READ MORE: Estate planning for divorcing couples

"You may not be on the same level as Tupac, but your family is unique and might not fit in the box the state intestacy laws create for you," said Jamie A. Bosse, senior advisor at CGN Advisors in Manhattan, Kansas. "Maybe you have children from multiple relationships, a partner that you chose not to marry or a small family business. Everyone's story is different, and you are in charge of how your story plays out."

It might not be easy, but advisors need to find a way to raise the tricky topic — more than once if necessary.

Ahmed, founder and president of American Private Wealth in Bedford, Massachusetts. "Advisors are scared to bring this up, because clients, like everyone else, don't want to talk about it, or they put it off. And advisors never bring it up again."

Ahmed said his practice is firm with clients and that they need to get these documents in order sooner rather than later.

"I keep bringing it up until they at least set up an appointment with an estate attorney," he said. "I even make my office available for them to meet with the attorney."

Death and taxes

Mitchell Kraus, an LPL registered principal at Capital Intelligence Associates in Santa Monica, California, emphasized the quote made famous by Benjamin Franklin in his 1789 letter to Jean Baptiste Le Roy: "In this world, nothing can be said to be certain, except death and taxes."

"Our clients, no matter how big or small, do not like facing the certainty of the two," he said. "It is up to us to help them recognize and plan for both. When we don't, we see the case studies of celebrities echo in the lives of those clients who fail to plan.."

Regardless of how much or little planning clients undertake during their lifetimes, someone is going to make decisions about their estate after they die, said Glenn J. Downing, founder and principal of CameronDowning in Miami.

READ MORE: To be indispensable, advisors must expand their estate planning playbook

"This event has a 100% chance of happening," he said. "Do you want to be in charge of this process? Then see an attorney and get your estate properly organized. Or would it please you to see your family members fighting with each other over the substance of your life's work? In that case, do nothing, and your estate will have attorneys to sort it out posthumously. Either way, you'll incur legal fees. Best to pay them now."

Others note that it's not a one-and-done situation — plans need to be checked and updated on a regular basis. Gary L. Watts, vice president and financial advisor at Wealth Enhancement Group in Walnut Creek, California, benefit, regardless of what a will says.

"I always say that if you don't have a will, the government has a default estate plan for you, but it's awful," he said. "It's public, time-consuming, and expensive."

Proactive family communication is essential

Jonathan M. Owens, vice president and partner at BPG Wealth Management in Clackamas, Oregon, said he has lost count of the number of times he's witnessed families fall apart due to haphazard communication and poorly written wills. He said it's important to emphasize to clients that it falls to them to put a plan in place and convey their wishes to their heirs.

"Siblings fight, end up in court and no longer speak," he said. "It's your responsibility to be the bad guy during your lifetime, not your executor."

Chad Holmes, founder and financial planner of Formula Wealth in Montgomery, Alabama, said for many families, talking about finances is difficult, but he recommends clients push through.

"Sometimes there is shame that you didn't save enough," he said. "Other times there is fear that your loved ones will try to take advantage of you. … Have the conversation with your children and parents soon, because we never know when it'll be too late to do so."

Robert Duncan, owner of Global Impact Wealth Management in Riverside, California, agreed that most people don't want to talk about estate planning, but that it should be an aspect of an ongoing comprehensive financial planning relationship.

Duncan said these celebrity debacles share common themes that apply to everyone. Successful transitions involve full family involvement, transparent communication, a clear process and strategy, and defined roles and accountability — with competent professionals and mitigation of conflicts of interest. Conversely, poor communication, lack of accountability, unclear roles and no clear process or plan can lead to discord and distrust.

be disclosed, but the intent, methodology, process and general divisions should be known. Particularly, if one child is more involved with providing care to parents, or running a family business, outside independent advisors should be relied upon to provide needed transparency and verification."

Regular review of an estate plan should include a look at any interstate moves, tax law changes, asset acquisition or disposition, and any other issues that could affect the family, Duncan said.

Well-written trusts and wills are key to preventing posthumous debacles, said Kraus, but advisors and clients must also pay attention to family dynamics that could create issues after a death.

"When you pass, it's too late to make any changes," Kraus said. "One must understand one's family's dynamics and work with future generations to quell any issues before they arise."

Rob Burgess Reporter, Financial Planning

PRACTICE AND CLIENT MANAGEMENT   ESTATE PLANNING   TRUSTS