

# New Report Examines Structures for the Transfer of Family Art Collections

*Fine Art Wealth Management Limited in collaboration with Bellerive Stenham Trust Limited announces the release of a new report entitled "Structuring for the Transfer of Art Wealth to Family Members".*

## **Bellerive Stenham** Trust Limited

**London, September 2017** – Today, the private collections of ultra-high net worth families can rival those of major art institutions and private museums are being created at an astounding rate.

Wealthy families are moving toward an increased focus on using their collections to realise what they define as a richer life in order to achieve a greater sense of fulfilment for themselves and for their communities. Equally important, art is increasingly becoming the investment of choice for families who are searching for alternative assets that offer risk-adjusted returns uncorrelated with others assets in their portfolio.

According to a new white paper just released by Fine Art Wealth Management in collaboration with Bellerive Stenham Trust Limited there are a number of important benefits which fiduciary structures can offer over direct art ownership. This paper outlines some key considerations for art owners, as well as some of the more appropriate structure types. The paper also examines philanthropic considerations including private museums, and the role of the family – including the importance of knowledge being passed down to the next generation.

## Report Highlights

### **Gifting artworks to family members**

When considering gifting works of art to family members, it is important for collectors to assess all the options and calculate the most tax-efficient transfer strategy, taking income tax as well as gift and estate tax consequences into account.

### **Family trusts and foundations**

Trusts and Foundations can play a key role in legally holding the art collection independently of the family members, whilst incorporating the requirements and views of the donor.

### **Other family-owned entities**

Passing on partial ownership of art pieces is often used by collectors to commence the estate-planning process and gifting of shares to loved ones using LPs or LLCs. Such ownership is also useful for collectors unfamiliar with trust concepts, but who still wish to start the gifting process.

### **Creating an art management plan**

Managing art professionally demands time and considerable knowledge. Curatorial and promotional strategies must be employed to enhance the value of individual works and the portfolio overall.

### **Donations to charitable/philanthropic causes**

It is a fine gesture for families to donate their prized art collections to charity because they have a desire to make a positive impact in their communities or support specific organisations. But donating a family collection to a museum or creating a charitable foundation involves more than one thinks.

### **Private Museums**

While there are a number of factors driving the growth of private museums globally, a lack of public exhibition space has played a major part and for many collecting families they simply want their art works to be seen. In most cases, partnering with a museum early on is crucial.

### **Knowledge transfer when it comes to family art**

For the most part, education regarding a family's art and cultural heritage is largely informal and often guided by parents and grandparents. The act of passing on high-value works of art is about much more than wealth preservation, it is about creating a meaningful legacy that reflects the family's values.

### **Summary**

The lack of preparedness around transferring a family collection can have broad implications on family relationships. Differing expectations between family members may lead to disagreements about what to do with the art, how to manage the collection, or how to preserve the art for future generations. Misalignment of expectations can create long-term unintended consequences for collecting families. Such occurrences can be avoided through proper discussion in advance.

With careful planning, structuring the ownership of art through an appropriate fiduciary entity can provide the donor with long-term peace of mind, and at the same time allow the family's views to be taken into account, as the art is enjoyed from generation to generation.

To receive the full report on Structuring for the Transfer of Art Wealth to Family Members contact:

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## **About the Authors**

**Randall Willette** is the Founder and Managing Director of Fine Art Wealth Management Ltd, a professional membership-based advisory firm that provides independent consulting to wealth managers and their private clients on wealth structuring for art assets. Prior to establishing the Company in 2003, Randall was Executive Director and Head of Art Banking for UBS Wealth Management in London responsible for helping to build its global Art Banking franchise in Europe and America.

**Heath Martorella** is the Head of Family Office at Bellerive Stenham Trust Limited in Guernsey, Channel Islands. Heath and his team administer a number of UHNW client structures, working closely with family offices and their advisors. These structures invest in a wide range of asset classes including private equity, hedge funds, and art work. Prior to joining Bellerive Stenham in 2015, Heath held senior positions in other fiduciaries, including Vice President at Northern Trust, Guernsey, where he established and managed a Middle East desk.

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