

Upgrading Your Collection

by being a Savvy Seller

by Michael Mendelsohn

My wife Gael and I love to collect. We love the hunt, and there is nothing more exciting than buying a piece we've fallen in love with.

One of my favorite purchases was made at a small auction house in Manchester, New Hampshire. A Clark Coe (1847–1919) sculpture head came up (Fig. 1), and to our astonishment, we were practically the only bidders. After we brought it home, a steal at \$1,000, our dealer told us that in a bigger auction house it would have sold for at least \$20,000!

Buying is a thrill. Naturally, therefore, I don't like to sell; I don't like to give up the art to which I've grown attached. But I do sell. And so should you. Selling is the key to growing and improving your collection. But when should you sell, and how should you go



Fig. 1: Killingsworth Head. Clark Coe (1847–1919), Killingsworth, CT, circa 1900–1910. Wood and polychrome, tin ears. H. 9½, W. 7, D. 7 in. Photography by Ricco Moresca, NY. Poor succession planning landed this piece in a small New England auction house with few bidders. Whereas it could have gone for \$20,000 in New York, Michael was able to procure it for only \$1,000.

about selling smartly? Here are some tips that I give to my clients when I'm advising them on succession planning.

Assess Your Collection

Before you sell anything you need to figure out what you have. To do this, create a catalogue that includes a photograph and the following information about each item: Where it is located (attic, museum, son's house); how much it is worth (and can you afford to keep it?); and how does it fit into your collection? By answering these questions you can determine where your collection is heading and how it has changed since you began.

When to Sell

Selling, like collecting, should be a long-term plan. Look at your photographs and determine what no longer fits into your collecting scheme. What don't you have room for or now sits in your attic? What is so expensive you can't afford to keep it? Most people don't have unlimited room or money, so it's important to ask yourself these questions.

How to Sell

There is an art to both buying and selling. Ask the dealer who helped you grow your collection to help you sell it. The dealer will know other buyers and can determine your best options. Sometimes it makes sense to sell your art at an auction—this is when having a good relationship with your dealer is crucial. He or she can determine which auction is best for you and whether or not you should set a reserve price.

It is important to be aware of the following points. First, watch out for taxes. On

the federal level, there is a 28 percent capital gains tax on the sale of art—twice the amount charged on the sale of shares of stock. If taxes will affect your profits drastically, consider gifting the piece to a museum, where you may make more profit from your tax deduction. Second, don't sell the pieces that define your collection. These are the pieces that give it value and are probably your favorites. If you need money, sell what you no longer care for. Finally, be cautious about selling online. Prospective buyers usually prefer to see and touch an item, and you probably won't receive the best price if you try to sell over the Internet.

Selling Success

Selling is a necessary part of expanding a collection and can be as exciting as buying. At another small New-England auction house, Gael and I once sold a piece that earlier we had unsuccessfully tried to sell for \$2,500. However, at this auction we had bidders, and before we knew it, the piece was sold for \$32,000! Thanks to this sale and others, we have been able to buy new pieces and our collection continues to grow and improve. Be a savvy seller and enhance your collection too. @

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