

Appraising Your Collection

by David A. Gallagher, AAA

In today's market, where the value of art and antiques can change over the course of a single auction or private sale, the appraiser is a vital ally to the collector. With an independent, impartial appraisal of your collection in hand, you have the information necessary to make informed financial decisions about the care and disposition of your collection.

The reasons for a written appraisal include: estate tax, estate planning, insurance coverage, insurance claim settlement, charitable gifts, gift tax, equitable distribution (including divorce), and loan collateral.

The appraiser will inventory and evaluate your collection, and provide you with the identification, description, and value of each item. Experienced appraisers can also give you advice about the cost-effectiveness of restoration, as well as the proper framing and placement of your works of art (to avoid damage from sunlight, for example), and, if required, can recommend restorers, conservators, framers, installers, movers, and art transport companies.

With art increasingly seen as an asset, an appraisal becomes essential for estate planning.

An appraisal that provides fair market values for your art works will allow you to make intelligent choices about gifts or bequests to museums, or appropriate division of shares for your heirs. A collector, for instance, could form a trust that was charged with the sale of the collection by his or her executor(s); the proceeds would then be divided evenly among any beneficiaries.

Once a written appraisal is completed, collectors and their financial advisors can make informed choices about tax planning. The collection can be employed as one of the various assets in the estate including real estate, an investment account, and insurance policies. For example, it may be more beneficial to the estate from a tax perspective to donate certain items before death rather than leaving them as bequests.

A collection can also be sold upon retirement with the proceeds invested for income. A client of mine who had collected American furniture over a period of twenty years purchased several New Hope School paintings toward the end of his collecting years. My appraisal determined that while most of the furniture had increased in value, some had restorations and replacements that affected their marketability. Meanwhile, the resale value of these particular paintings had rapidly increased. With this information, when he downsized, my client decided to raise money in stages, by selling several of the more valuable pieces of furniture, while holding the paintings for potential further increases in value.

If you have a valuable collection it should be insured against damage or loss. Insurance companies will require an independent appraisal when you purchase a policy for art and antiques. A proper appraisal

will enable you to replace or restore lost or damaged items. A couple I know placed antique furniture, paintings, and prints in climate controlled storage while building a new house. However, the air conditioning malfunctioned over the summer and large amounts of mold developed on the items in storage. Fortunately, they had insurance and an accurate appraisal, and were covered for the restoration costs, which came close to \$100,000.



George Henry Durrie (American, 1820–1863), *Ketcham Farm in Winter*, New Haven, 1858. Sold at Doyle, New York, November 2006, for \$772,000. A consultation with an experienced appraiser is an important first step in making financial decisions about your collection. A proper appraisal can help you determine what you own and allow you to plan for the future.

Appraisal Organizations

Appraisers Association of America (www.appraisersassoc.org)

American Society of Appraisers (www.appraisers.org)

International Society of Appraisers (www.isa-appraisers.org)

When hiring an appraiser, inquire if he or she has expertise in the type of fine or decorative art to be appraised. An experienced appraiser will often work in consultation with a specialist for items outside his or her expertise. Your appraiser should always be a member of a major credentialing organization. Your attorney or insurance broker may be able to recommend an appraiser in your area of the country, or you can contact one of the organizations in the sidebar. @

David A. Gallagher is past president of the Appraisers Association of America and senior vice president of Doyle New York, auctioneers and appraisers of decorative and fine arts, antiques and jewelry.