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## 6 Celebrity Estate Planning Mistakes

March 2019 Newsletter | By: Ian Sachs

In the United States, 55% of adults do not have a will or traditional estate plan in place. This tends to also be the case for some of the country's wealthiest people and well-known celebrities. Below is a short list of notable celebrities that we can all learn from.



### 1. Philip Seymour Hoffman

Estate plan was out of date - After being sober for many years, Philip Seymour Hoffman died suddenly from a drug overdose. He spent 14 years with his long-time partner, Mimi O'Donnell. The two never married, but had three children together. In 2004, before Hoffman accumulated a majority of his wealth, he had an estate that was valued at \$500,000. He died 10 years later leaving a \$35M estate. Not only did Hoffman not update his estate plan, but he failed to include his children that were born after 2004.

### 2. Robin Williams

Liquidity considerations for estate taxes were established - Since Robin Williams' untimely death in 2014, several issues arose with his trustees, which ultimately lead both of them to resign. A majority of Williams' \$35M estate was tied up in a winery. This could have created liquidity problems for his estate because estate taxes need to be paid within nine months. Fortunately, Williams had enough life insurance to pay the estate taxes.

### 3. Joe Robbie

Liquidity considerations for estate taxes were not established - Joe Robbie, previous owner of the Miami Dolphins and Joe Robbie Stadium, had a \$100M estate that was mostly illiquid. There was no consideration on how his estate taxes would end up impacting the ownership of his team. After his death, the team had to be sold to pay the estate taxes. In contrast to Robin Williams' estate that was also illiquid, Robbie did not have enough life insurance in place to pay his estate taxes.

### 4. Mac Miller

Trustees were not made clear in estate plan - In 2018 rapper Mac Miller (Malcolm McCormick) died unexpectedly at 26 from what is suspected to be a drug overdose. It has been reported that in 2013 he set up a trust as part of his will. His will declares that his estate is to be handled "by a friend", lawyer David Byrnes. It also declared that his brother, Miller McCormick, is next in line if something were to happen to David Byrnes. Miller also set up a trust titled "Malcolm McCormick Revocable

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Trust” which will allow members of the trust to have access to his residuary estate, however it isn’t clear who was appointed as the trustee. With a net worth of \$9M, not having a clear trustee can cause major complications.

### 5. Jacqueline Kennedy Onassis

Fiduciary's intentions were not considered - Jackie Kennedy allowed her children, Caroline and John, to decide whether or not to fund her Charitable Lead Annuity Trust (CLAT) that would benefit her private foundation. After Kennedy's death, Caroline and John decided not to fund the CLAT. This decision meant more money for Caroline and John but increased the taxes due and short-circuited any philanthropic goals Jackie Kennedy might have had.

### 6. Whitney Houston

Thoroughness of a will was not established - On March 4, 1993 Whitney Houston gave birth to her daughter Bobbi Kristina Brown. One month prior, Houston set up a will that left the majority of her estate in a trust for Bobbi

Kristina. Houston passed away in 2012. Her will states that if Bobbi Kristina were to die without having any children, the estate would be divided between Houston's mother and her husband Bobby Brown. In 2007, Houston and Brown divorced, thus he would not receive money under the will. Sadly, Bobbi Kristina died in 2015 and it is believed that she did not have a will, thus leaving her estate to her next of kin, her father/Houston's ex-husband. Houston's estate is estimated to be worth nearly \$20M, though there is speculation that it might be in excess of \$100M. Without proper guardianship defined in her will, Houston's estate is in litigation and could be for many years.

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In hindsight, each mistake listed above could have been avoided. Though many of us don’t have a multimillion dollar net worth, the same considerations must be taken into account. Take control of your legacy by making the necessary plans for your estate and the distribution of your assets today.

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