



Estate Plans Gone Wrong

Creating a will and establishing an estate plan are important responsibilities. We must take great care to make wise decisions and effectively communicate our wishes to ensure that our property is distributed in the correct manner. We all understand the importance of such planning, but not everyone does a good job with this. Even the very wealthy have made some colossal mistakes. Here are a few examples.

MISTAKE #1: NO WILL

Prince Rogers Nelson (aka “Prince”)

Shortly after Prince’s death at age fifty-seven, his family discovered that the singer didn’t have a will. If you die without a will (called dying intestate), the process of dividing your assets is left to the state. In Prince’s case, the state of Minnesota tasked a judge with distributing Prince’s assets—worth more than \$156 million—among Prince’s six siblings and half-siblings. A federal inmate who claimed to be the singer’s son delayed the process. Finally, the legal process recognized six primary heirs. However, those heirs couldn’t agree on how to split up the assets, delaying the settlement further. Unwilling to wait for the final settlement, in 2021, three heirs sold their shares to a music publishing company called Primary Wave. In 2022, after a six-year battle, Prince’s estate was finally settled and divided among the three remaining heirs, their families and advisers, and Primary Wave. During this period, the estate incurred nearly \$9 million in administrative fees and tax penalties, not including attorney and consultation expenses.

Elvis Presley

When the King of Rock and Roll died without establishing a will or trust, his estate suffered complications. No legal designation specified how his assets were to be handled upon his death. So the probate court took over. At the completion of the probate process, Elvis’s estate had been reduced by over seventy percent! The King of Rock and Roll left his family a cash-poor estate and plenty of debt to manage. Today, Elvis’s property, Graceland, operates as a tourist attraction, and his legacy lives on. However, the lack of an estate plan led to his family dealing with an incredible loss of fortune and legally dubious financial problems, which they still contend with to this day.



Others

Others who died intestate include Sonny Bono, who died in a skiing accident at sixty-two. Lacking a will or trust, his wife, Mary, fought for years to be the estate's executor. She also faced multiple lawsuits from claimants to his estate. The lack of a clear estate plan led to costly legal battles and court expenses.

Another example is billionaire businessman Howard Hughes. When he died in 1976, his estate was estimated to be worth \$2.5 billion, and it took more than three decades to finally settle matters.

Abraham Lincoln, the sixteenth president of the United States, had practiced as a lawyer. And yet even he died without a will. While he likely wanted all his property to go to his wife, the courts split the estate between his wife and two sons.

MISTAKE #2: AN OUTDATED WILL

Heath Ledger

When Heath Ledger died at age twenty-eight, his will directed his entire \$20 million estate to his parents and three sisters. The problem: Ledger had written his will before his daughter, Matilda, was born, leaving the two-year-old and her mother, actress Michelle Williams, nothing. U.S. law upheld the validity of his will and ordered its instructions carried out.

Ledger did have a \$10 million life insurance policy which named his daughter as the beneficiary, but this created additional questions. Did he still want his estate to go to his parents and sisters, or did the purchase of this policy for his daughter indicate that he really had neglected to update his will?

Ledger's family eventually agreed to give his daughter the majority of the estate, believing that that is what he would have wanted. Rarely, however, do things work out so smoothly.



MISTAKE #3: FAILURE TO FUND A REVOCABLE LIVING TRUST

Michael Jackson

Michael Jackson's 2009 death set off a string of legal battles over his roughly \$500 million estate. To protect his estate, Jackson had created a revocable living trust designed to transfer his wealth to his children and his mother when he passed. But he never funded the trust. Instead, his entire estate had been left outside the trust. As a result, the estate had to go through years of probate while Jackson's children and his mother lived on an allowance managed by the estate's executor and a judge. During the probate process, the estate faced numerous legal challenges from creditors as well as Jackson's family.

MISTAKE #4: FAILURE TO PROPERLY DOCUMENT WISHES AND INTENTIONS

Marlon Brando

Promises made to your would-be heirs are only as good as the legal documents behind them. When Marlon Brando died in 2004, the actor left the bulk of his roughly \$26 million estate to his producer and other associates. His longtime housekeeper claimed that the actor promised her the house she'd lived in. Brando had kept it in his name for tax purposes and promised her continued employment in a company he owned. But Brando either never promised her the home or never took the time to put the promise in writing. She later sued Brando's estate for the value of the home, plus \$2 million in damages. The case settled in 2007 for \$125,000.

Princess Diana

When Princess Diana passed away at age thirty-six, she left behind two sons and seventeen godchildren. She wrote a "letter of wishes" stating that she wanted a quarter of her possessions to be shared among her godchildren, with each getting roughly \$160,000. Because it was not formally included in her will or trust, the letter was not executed by her estate. Unfortunately, her godchildren received only trinkets.



MISTAKE #5: POOR TAX PLANNING

Marilyn Monroe

Marilyn Monroe's estate ran into numerous complications, mainly due to ambiguities in her will, along with licensing issues related to her image and likeness. A well-thought-out estate plan could have clearly outlined how her image and likeness should be managed, thereby eliminating a major source of complication.

Monroe's example became a horror story of not taking tax planning into account when she prepared her estate plan. Her probate took thirty-nine years, and half of her estate was paid to the IRS in estate taxes—not to mention that the person administering the estate made over \$30 million.

MISTAKE #6: A DO-IT-YOURSELF APPROACH

Warren Burger

You'd think a former Supreme Court Justice would get this right! Warren Burger tried to write his own will in 176 words, but his family paid the price for his brevity: over \$450,000 in estate taxes and court fees that could have been avoided. The lesson? Even if you use software to create your documents, you'll want an estate planning attorney to review them and check for any problems that may not be obvious.

MISTAKE #7: POOR CHOICE OF EXECUTOR

Doris Duke

The tobacco heiress died with a fortune estimated to be worth \$1.3 billion and left a sizable sum to a charitable foundation, naming her butler as executor of the estate and trustee of the foundation. But the butler's spending was so questionable that a probate judge removed him, only for a higher court to reinstate him. Finally, a settlement led to a board of trustees managing the foundation.



MISTAKE #8: UNDISCLOSED LOCATION

Florence Griffith Joyner

Even if your estate plan covers all the details, it will prove of little use if no one can find the original documents. The family of Olympic sprinter Florence Griffith-Joyner—better known as Flo-Jo—believed she had a will when she died at age thirty-eight. But they couldn't locate the document. Years of legal battles followed as Joyner's husband and her mother couldn't agree on whether or not FloJo said her mother could continue to live rent-free in the couple's condominium for the rest of her life.

CONCLUSION:

An estimated 68% of Americans do not have a will. Many of those who have written a will admit that it is outdated and no longer reflects their current wishes.

The problem with an inadequate will or estate plan is that you'll never know the problems you left behind. The best way to prevent surprises and avoid mistakes is to learn from the mistakes of others and follow these suggestions:

1. Work with a qualified estate planning attorney to put a plan in place.
2. Carefully and prayerfully think through your wishes.
3. Be sure your plan clearly communicates your wishes.
4. Be careful to select trustworthy, reliable people or institutions to serve as executor, trustee, and power of attorney for property management and health care.
(You can request multiple individuals to serve in these roles.)
5. Be sure to fund your living trust (if applicable) and coordinate all titling and beneficiary designations with your plan.
6. Review your plan regularly, updating as often as necessary to keep it current.
7. Keep your documents in a safe place, and let others know where they are.

Dallas Seminary Foundation can serve as another set of eyes and ears. Our Will & Trust Planning Ministry provides no-cost, no-strings-attached assistance in evaluating your goals and assessing your plans. Please contact us to learn more!



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