

# Should you keep the shore home in your family?

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## “Endless Summer” with your Shore Home

Whether you are of the mindset of the '63 Nat King Cole classic “ Those Lazy Hazy Days of Summer”; the '72 hit by Seals and Croft, “Summer Breeze”; or perhaps the '84 song, “Boys of Summer” by Don Henley, your shore homes invoke memories of a lifetime.

Whether you purchased it, or perhaps it has been used by generations originally belonging to your parents or grandparents, it is the perfect place, one that **you** cherish. Many of you may have the idea of keeping the property in your family, so your children and your grandchildren can make their own special memories.

I recently spoke about “How to keep your home in the family” for the Strathmere Improvement Association. It was a topic that evoked much emotion. Basically we are talking about Estate Planning or one aspect of it. It boils down to Questions and Problems. If you can get that far, then it will come down to how to own the property. For this issue, we'll focus on the questions and problems of keeping your shore home in your family.

First thing you need to do is to sit down with your family and discuss your thoughts and make sure your children want to keep the shore house. This is not as obvious as it may sound. Your shore home has always represented an opportunity for your family to gather and spend quality time together; creating lasting memories or at least this is how you see it.

You may have emotional ties to your home that may blind you as to what your children feel. You may have a hard time understanding that all of your kids don't want to keep an interest in your home.

You love your shore home, if not you probably would have sold it already.

Next, evaluate your home. What type of condition is it in? How much will it cost to bring it up to the condition you would love to see it in; or is it a teardown? If so, can your children afford to rebuild it?

Can it accommodate the size of your family, now and in the future? You have 3 children who are in high school and college. Before you know it they are married and each of them has 3 children. The spacious home that accommodated the 5 of you is a little tight for your extended family of 17.

Your children may lead very busy lives and don't have the time for vacations. Maybe your grandchildren are on traveling sports teams during the summer so they aren't able to spring down the shore on the weekends. Perhaps they are at that stage in life, where they are running so hard, they don't even think of heading to the shore.

Too many vacation homes may go from being the happy, peaceful retreats to combat zones, with forced sales and severed family relationships. It is truly difficult to envision or predict how children will relate to one another once you (the parents) are not around to mediate the disputes that happen.

Many shore homes may be free and clear with no mortgage but represent a substantial part of your estate. Here is where it may get sticky.

Some of your children think of the prospect of using your shore home forever and as one of the most desirable things there is. But for your children of modest means, they may be counting on their share of your estate, including the value of your shore home, to pay their debts or possibly put your grandchildren through college. Your children's spouses and step children (if you have them) have not been around to share this lifetime of your memories. They have weak emotional attachments to your home but they absolutely have a strong interest in your home's cash value. Everybody should agree on how the property will be used. Don't forget maintenance which will not be easy. Remember any owner can force the sale of real estate.

Perhaps you have three children and two of them will be ecstatic to use the family vacation home after you are gone. They will work to keep it in the shape you always have. Now your other married child doesn't live close by. His job has taken them to Florida. It's not practical for them to come to the shore on weekends or for vacations. Their spouse and children have no particular attachment to your home here. After a couple years, they decide they will not share in the expenses (maintenance and real estate taxes, etc.) since they're not using it. They want their share of the shore home's cash value now.

He asked his siblings to buy him out and of course they say no. They'd like to but they just don't have the money. If your child, the unhappy one, is determined to get his money out they can force the sale of the property in court. This is true even if they may only own one third of the property. A forced sale doesn't only mean that the treasured family shore home is gone but also that your family harmony may be damaged perhaps beyond repair.

How about rules that govern the use of the property? Scheduling, who gets what weeks for vacations and who gets the holidays. Will your shore home continue to have an open door policy like now where all of your family can visit when they wish? Who brings what? Heck, most of you probably have your food and beverage bills skyrocket during the summer. Do your children have short arms when it comes time to contribute? It is not a problem now but when you are gone, it will be. Are they allowed to rent the property, instead of using when it is their week? Are pets allowed? What happens if a family member fails to contribute towards the expenses?

How about money for capital improvements or extraordinary expenses such as a new roof or air conditioner? How will that work? Perhaps the best way is how a condo

association does it. Everyone contributes monthly into a special fund. What procedures are you going to have in place to mediate disputes now that Mom and Dad aren't here to do it? You need to have a leader who will manage the property. How will they be selected?

If you have asked all of the hard questions and have agreed to keep your shore home in your property then the hard work is done. The next thing to do is decide on how the ownership structure should be handled. The three basic ways to consider are Joint Tenants with rights of survivorship; LLC or LLP; and Trusts. We will save that for the next issue.

Now that you discussed many of the questions and hopefully have come to some resolution, head to the beach and envision the many tranquil family days that may lie ahead.

*Fred Dunbar, CLU, ChFC, RFC, AIF, is President of Planning Directions, Inc., a registered investment adviser, and Common Cents Planning, Inc. He is also a registered representative of and offers securities through Commonwealth Financial Network, member FINRA/SIPC. Advisory services offered through Planning Directions, and fixed insurance products and services offered by Common Cents Planning, are separate and unrelated to Commonwealth. Fred may be contacted at 800-647-0762, by e-mail at [fdunbar@commoncentsplanning.com](mailto:fdunbar@commoncentsplanning.com) or by mail at 239 Baltimore Pike, Glen Mills, PA, 19342. He's always happy to meet with you 'down the shore' at 6606 Central Avenue N. Sea Isle City, NJ. 08243.*