By Carl Medford, CRS

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A recent Northern California sale scored a windfall for a 90-something man who'd built the home in 1946 and resided there ever since. As his wife had recently passed, he decided to sell. While the $1,000,000 sales price was a bonanza for the seller, it ended up providing serious headaches for his children.

The moment a purchase contract was accepted, the elderly gent informed his children that he'd just met someone and, as soon as the sale was completed, he'd be getting remarried.

Initial shock quickly gave way to caution and further investigation by the family. Their probing revealed that the bride-to-be, herself almost 90, was in dire financial straits and needed a "loaded" knight in shining armor to bail her out.

Compounding issues, the sale proceeds, much greater than imagined, had serious tax

implications. As the sale closed near the end of the year, there wasn't much time to get everything sorted out.

Fortunately, there was an existing living trust. The family quickly hired an attorney and an accountant and, between the two, brokered a solution. While the family understood the desire of their father to be in a relationship, they also wanted to make sure that, once he passed away, the proceeds of the estate didn't disappear into someone else's pockets.

To alleviate taxes, they disbursed some funds to heirs named in the trust. Next, they met with the father to explain the need for him and his bride-to-be to sign pre-nuptial agreements. Which, as it turned out, was a VERY hard sell to an elderly gentleman who didn't understand the modern rules of engagement.

There are three critical lessons here: First, while no one likes discussing death, it's inevitable. Ensure that a comprehensive trust is in place that includes all assets and provides for any potential medical issues, including competency. Second, current property values are higher than yesteryear's and, therefore, sale proceeds will have higher tax consequences to be reckoned with. Third, with extended lifespans becoming the norm, remarriage possibilities are higher. If subsequent unions occur without well-conceived prenuptial agreements, initial heirs might be frozen out in the cold — violating the intentions of the original trust.

There's much more to selling a home than just getting it sold. Prepare in advance so that all

legal and tax potentialities are well handled and then, if death occurs, you can grieve for your loss, not fight over assets.

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