

Dividing Luxury Personal Property

June 4, 2024

By Sandra A. Brooks



Divorce proceedings can be complex and emotionally charged, particularly when substantial assets are involved. Among the most challenging items to divide are luxury personal properties such as art, automobiles, yachts, and airplanes. These high-value assets not only represent significant financial investments but also often carry sentimental value and symbolize a particular lifestyle. Properly navigating the division of such assets requires a combination of legal acumen, financial expertise, and, sometimes, emotional resilience.

The first step in dividing luxury personal property is to establish a fair and accurate valuation. Unlike more common marital assets, luxury items may require specialized appraisals. Several factors contribute to the value of these assets, including:

- **Age and Condition:** Similar to real estate, the age and current condition of the asset can significantly affect its market value. Regular maintenance and upgrades can preserve or even enhance their worth.
- **Market Demand:** The market for luxury assets is niche and fluctuates based on economic conditions and buyer interest. An expert appraiser will consider current market trends and comparable sales.
- **Customization and Upgrades:** Custom features, high-end materials, and state-of-the-art technology can increase the value of these assets. However, highly personalized modifications might appeal to a narrower pool of buyers, potentially impacting resale value.

Engaging a certified appraiser who specializes in luxury assets is essential to ensure that both parties receive a fair assessment.

Divorce laws vary by jurisdiction, but in many places, assets acquired during the marriage are subject to equitable distribution. Equitable does not necessarily mean equal; rather, it means fair. Courts consider various factors to determine an equitable distribution, including:

- **Length of the Marriage:** Longer marriages might result in a more even split of assets.
- **Contributions to the Marriage:** Contributions can be financial or non-financial, such as homemaking or supporting a spouse's career.
- **Economic Circumstances:** The current and future economic circumstances of each spouse are considered. If one spouse has significantly higher earning potential, this may influence the division.

Negotiation and mediation can also play crucial roles in this process. Couples may agree on a division that reflects their unique circumstances, potentially avoiding the need for a court to decide.

Once valuation and legal considerations are addressed, couples have several options for dividing luxury personal property:

- **Sell and Split the Proceeds:** Selling the asset and dividing the proceeds can be the simplest solution. However, this process can be time-consuming and may result in a sale below market value, particularly in a slow market.
- **One Spouse Buys Out the Other:** If one spouse has a strong attachment to the asset or a greater ability to maintain it, they may opt to buy out the other's interest. This requires an accurate valuation and may involve refinancing or taking on debt.
- **Joint Ownership Post-Divorce:** Though less common, some couples agree to maintain joint ownership, especially if children are involved or if the asset is used for business purposes. Clear agreements and boundaries are essential to make this arrangement work.
- **Trade-Offs with Other Assets:** Another approach is to offset the value of the asset with other marital assets. For example, one spouse may retain the yacht while the other receives a comparable value in real estate, investments, or other property.

Beyond financial and legal aspects, emotional and practical considerations can influence the division of luxury assets. Items such as yachts and airplanes are not just assets but lifestyle choices, often tied to cherished memories and social status. Couples must navigate these waters with sensitivity and pragmatism.

- **Usage and Maintenance:** Consider who used the asset more frequently and who is better equipped to handle ongoing maintenance costs and responsibilities.
- **Sentimental Value:** Acknowledge any sentimental attachment and weigh it against practical realities. Sometimes, letting go can be the healthiest choice.
- **Future Needs:** Consider each spouse's future needs and lifestyle. For instance, if one spouse plans to relocate far from the coastline, retaining a yacht may be impractical.

Dividing luxury personal property in a divorce is a multifaceted process that requires careful consideration of legal, financial, and emotional factors. By engaging experts, understanding legal frameworks, and negotiating with transparency and fairness, couples can reach an agreement that respects both parties' interests and paves the way for a smoother transition to the next chapter of their lives.