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— Opinion

What a beach house and dog called Trouble teach us about succession

Estate planning is where wealth collides with family politics, and nowhere does that hit harder than with lifestyle assets.

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Succession planning is where wealth collides with family politics, and nowhere does that hit harder than with lifestyle assets. Holiday homes, art collections – even private jets – are emotional lightning rods in the process.

They're often precious legacies and deeply personal. But when it comes time to pass them on, they often become the epicentre of family conflict: who pays the bills and taxes? Who gets the keys? Should it be sold?

New York hotel heiress Leona Helmsley left $US12 million to her Maltese dog Trouble. **AP**

Take the case of the late US senator Dianne Feinstein. Following the death of her billionaire husband, Richard Blum, a bitter dispute broke out between Feinstein and her stepdaughters over his estate, including a multimillion-dollar house in Stinson Beach in California.

The property, drenched in family history and ocean views, became a battleground. Feinstein accused her co-trustees – one of them Blum's daughter – of withholding funds and delaying her access to the beach house, with *The New York Times* reporting that she needed to sell the house to pay for medical expenses.

The upkeep costs of the property were significant, and no clear plan existed for how they'd be shared or whether the home should be kept or sold.

The best-run dynasties don't let this happen. They document everything: who can use the property, how expenses are shared, and exit mechanisms if one beneficiary wants out. A simple co-ownership agreement can save priceless family goodwill.

Most Australians delay succession until their 60s or 70s. The ultra-wealthy don't.

They treat it as an ongoing process, locking in shareholder agreements, discretionary trusts, and family constitutions early, then refining them over time.

The late Dianne Feinstein. **Bloomberg**

A will is essential but rarely enough. Jointly held assets, superannuation, life insurance and trust-owned assets often fall outside the estate. And a will won't help with business continuity, incapacity planning or end-of-life digital asset control. Nor is it much use for foreign assets, where an Australian will may not even be recognised.

Even well-drafted wills can be challenged. Take the estate of New York hotel heiress Leona Helmsley, who famously left $US12 million to her Maltese dog, Trouble. Her family contested this and the animal's bequest was reduced to $US2 million.

In Australia, while there's no inheritance tax, poor planning can still trigger major tax consequences, especially with superannuation and capital gains tax.

Blended families create significant succession risks. A common trigger for litigation is when a surviving spouse inherits everything, leaving children from a previous marriage with nothing.

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Family trusts also face immediate scrutiny upon separation, with former spouses seeking to access assets intended for future generations.

Lifetime, bloodline and testamentary trusts and structured asset transfers and loans help manage competing interests. But the most effective safeguard against family law claims in Australia is a binding financial agreement. Among wealthy families, BFAs are now standard practice, ensuring certainty and asset protection before disputes arise.

The classic farm succession dispute – one heir committed to the business while others demand an equal share – now plays out across industries. When business owners fail to plan, the result is often forced sales, excessive debt, or fractured ownership that weakens both the business and family relationships.

This can be seen in the Levis family dispute reported by *The Australian Financial Review* this week. Justin Levis is suing his parents after being abruptly ousted from the family retailing business (behind brands such as

Cue, Veronika Maine and Dion Lee), following what he says was a lifelong commitment to the business on the understanding he would inherit it.

Sophisticated planning can give a different outcome. A common approach is for control of the business to be retained by those actively involved, while non-operating heirs receive structured payouts.

In many cases, buyout provisions, structured distributions, or alternative asset allocations ensure business continuity while maintaining family harmony.

Many families implement governance structures akin to ASX-listed companies, ensuring clear decision-making frameworks and preventing unnecessary disputes. Sophisticated business succession plans allow operating heirs time to buy out their siblings, often through pre-agreed funding mechanisms, protecting both family relationships and business stability.

Discretionary trusts remain central to asset protection and succession planning, but mismanagement can lead to disputes and ATO scrutiny.

In the Victorian case involving the Owies Family Trust, the court introduced an independent trustee, after decades of trust distributions that excluded an estranged daughter with ill-health, reinforcing the fact that trustees must actively consider all beneficiaries. Poor documentation, informal trust management, and failure to follow the trust deed can unravel years of careful structuring.

The best-run trusts operate with strict governance, regular legal and tax reviews, and clear documentation of distributions. And the control of those trusts must be considered in the succession plan.

The ultra-wealthy understand that succession planning isn't just about wealth transfer – it's about minimising disputes, protecting assets, and wealth transfer – it's about minimising disputes, protecting assets, and ensuring long-term business viability.

Successful transitions require clear governance, early planning, and the flexibility to adapt to legal, tax, and family changes. The ultra-wealthy don't leave succession to chance. Neither should anyone serious about protecting their legacy.