Succession Planning for the Family Vacation Home

The sounds of Memorial Day rang through the Northwoods last weekend—vacation homes being opened, piers being put in, boats launched, roofs and decks swept of their winter debris. The smell of grilling and of excitement of another season at the lake!

The family vacation home is an asset like no other. It is not just timber and stone, or a financial asset to be sold when property values increase or money is tight. Rather, it is the setting for shared family memories and precious family leisure time, free of the intrusions of the work-a-day world.

An asset so uniquely special to the family must be dealt with differently than other assets in an estate plan if a family wants the home to remain a place for shared family memories for future generations. Some concerns include: how will costs of upkeep be paid for when my children have wildly disparate incomes? How will use of the property be shared as the family grows in number? How will decisions about major repairs and improvements be made in the future? How will in-laws impact sharing? What if a child moves far away and desires to "cash out" of his or her interest in the vacation home?

The answers to these questions are unique to each family. In the absence of effective planning, the "default" rules that govern shared ownership may surprise you and often times are insufficient to adequately address these questions. Fortunately, with the advent of our new Wisconsin Trust code and continued development of Limited Liability Company (LLC) law, there are wonderfully flexible and effective options available.

For example, creating an LLC to hold your vacation home allows a Manager to be named, and allows for creation of a set of rules in the LLC's Operating Agreement governing usage and maintenance of the property. To become a Member, a party must agree to the terms of that Operating Agreement. A Scheduling Manager may be named to manage scheduling. Terms for an exiting member may be set forth in the Agreement, as well as consequences for a member who fails to contribute his/her fair share of the expenses.

As you enjoy your own family retreat this summer, try to envision future generations of your family sharing your retreat. What does that look like? What issues or roadblocks might threaten their ability to retain and fully enjoy the property? We at Reinhart would like to work with you to help create a structure

POSTED:

May 26, 2015

RELATED PRACTICES:

Trusts and Estates
https://www.reinhartlaw.com/practices/trusts-and-estates

All materials copyright © 2025 Reinhart Boerner Van Deuren S.C. All rights reserved.

that gives your vision wings.

Please contact your Reinhart attorney or a Reinhart Trusts and Estates attorney to discuss an appropriate structure for your family retreat. Enjoy the summer!

These materials provide general information which does not constitute legal or tax advice and should not be relied upon as such. Particular facts or future developments in the law may affect the topic(s) addressed within these materials. Always consult with a lawyer about your particular circumstances before acting on any information presented in these materials because it may not be applicable to you or your situation. Providing these materials to you does not create an attorney/client relationship. You should not provide confidential information to us until Reinhart agrees to represent you.

All materials copyright © 2025 Reinhart Boerner Van Deuren S.C. All rights reserved.