

Estate Planning and Protecting Your Investment

Chuck Lind, MMR

You can't take it with you
or
the one with the most toys wins

Protecting Your Investment

While you cannot prevent a disaster, you can make it easier to recover with a bit of planning and preparation.

You need to consider seriously the possibility that something disastrous could happen to your railroad.

Insurance

- What kind of insurance do you have?
- Have you reviewed it to make sure you have enough coverage?
- Proper insurance coverage is usually overlooked by model railroaders.
- Most insurance classify model railroads as collections so limited coverage, like jewelry.

- Benchwork – part of house structure or part of collection? Different insurance carriers look at this differently.
- Liability issues of model railroad visitors?

Model railroads attached to the house or separate buildings need specific coverage via a rider or other specific coverage like the National Model Railroad Insurance option.

Most folks don't have any idea about Model Railroading and this includes Insurance Adjusters. Most think of a circle track on a plywood base, so you have some work to do.

NMRA Collection Insurance

This service offers NMRA members group property insurance for collections, layouts, live steam, tools, slides, photographs, books, magazines and railroad memorabilia.

nmra.org

Look under Member Benefits

**A Model and Layout
Insurance Plan**

*designed especially
for the members of the*

**National Model
Railroad Association**

J.A. Bash & Company
300 Mt. Lebanon Blvd. Ste. 225
Pittsburgh, PA 15234
1-800-654-2256



Is your insurance on track?

An important benefit of your membership in the National Model Railroad Association (NMRA) is the ability to opt on board with the NMRA property insurance program. J.A. Bash & Company is on track to meet your specific needs as a model railroader. Whether you choose to insure your layout, your trains, or everything in between, there can be a coverage plan for you.

Each NMRA's member layout and collection is unique, reflecting the individual personality of its owner. Through J.A. Bash & Company, you can now tailor your insurance program to meet all your insurance needs.

Flexible plans to satisfy your insurance requirements

You may choose from three available plans. Through Plan 1, also called the Inventory Plan, you select only the items you wish to be insured and list these on a separate inventory sheet. Through Plan 2, the Blanket Plan, your entire collection is covered, without having to submit a written inventory. Plan 3 covers your layout (excluding rolling stock, which can be covered under one of the above plans).

Each plan includes these features:

- Coverage - Your collection and layout are covered whether the damage or loss is caused by fire, vandalism, theft, burglary, lightning, whistling, flood, earthquake, accidental breakage and many other potential causes of loss.
- Location - Items are covered while within the continental United States and Canada. Items are also covered while in transit up to \$15,000. Higher transit limits can be negotiated.
- Exclusion - Typical exclusions include breakage due to defect in materials, such as seepage of castings, wear and tear, unexplained disappearances.
- Deductible - Each loss will be subject to a \$250 deductible. If you choose a higher deductible, you may qualify for a reduced rate.

Following is a more detailed explanation of each plan. For your convenience, a tear-off application form is included.

Plan 1 - The Inventory Plan

Choose the items you wish to insure by submitting an inventory of those items. This includes coverage on scale model and triplate trains, and related accessories such as buildings, track, transformers, books, catalogs, magazines, memorabilia, videos, photographs, prints and slides.

At Live Steam must be placed on the Inventory Plan.

Automatic extensions - Newly acquired items up to 25% of your policy or \$2,500, whichever is less, are automatically covered for a period of 30 days. To be made a permanent part of your policy, these additional items must be reported to the company along with payment of the additional premium.

Application for NMRA Insurance Program

Please print all information. Make checks payable to J. A. BASH & COMPANY and mail with this completed application to:
J.A. Bash & Company, 300 Mt. Lebanon Boulevard, Suite 225, Pittsburgh, PA 15234-1509

Member name _____ NMRA# _____
Address _____

A. Blanket Coverage
*Limit \$ _____ x .0075 = \$ _____ Blanket Coverage Premium

B. Inventory Coverage Please Submit Schedule
*Limit \$ _____ x .0060 = \$ _____ Inventory Coverage Premium

C. Layout Coverage (Excluding rolling stock)
*Limit \$ _____ x .0060 = \$ _____ Layout Coverage Premium

A+B+C (\$100 Minimum) \$ _____ + **\$10.00 NMRA Fee** = \$ _____ Total Premium and NMRA Fee

Premium savings may be available if you accept a higher deductible or have an acceptable security system. Call or write for details.
Policy is effective upon receipt of application, payment and approval by Peerless Insurance.

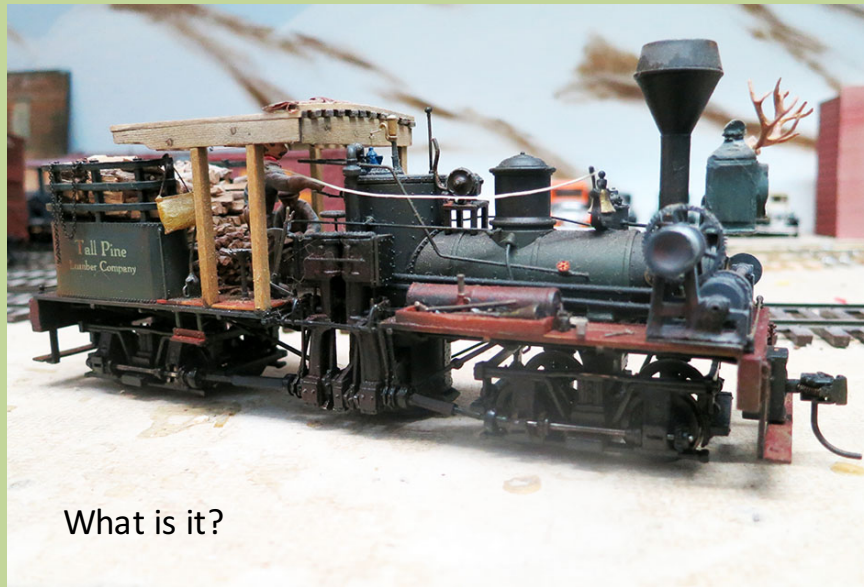
Layout Planning

Not what you think!

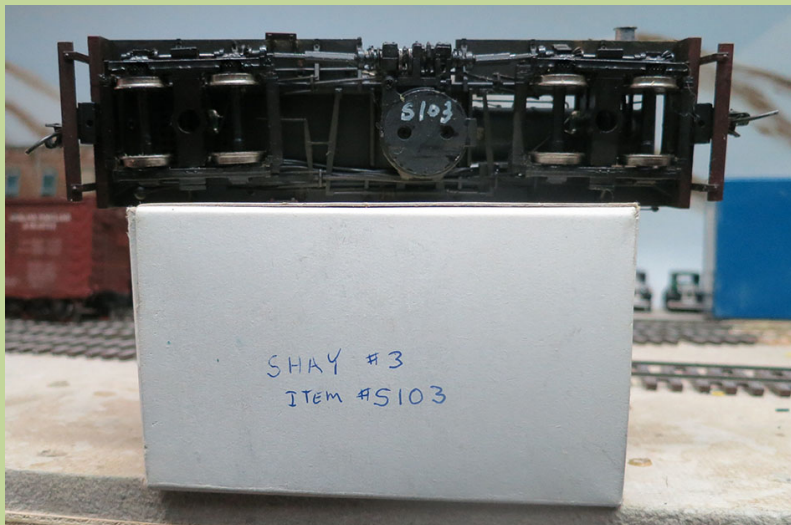
- If a person collapsed in your railroad room how would you or EMT's get them out?
- Fire how would you and guests get out? Are fire extinguishers or smoke alarms present?
- Basic First aid kit present.
- Make sure there is a phone in the room cell or land line for emergencies.

Inventory

“It is the insured's responsibility to prove the value of lost or damaged property.”



What is it?



Highly modified On3 Bachmann Shay-1st Place NNGC



All Engines Have a Code

All Boxes Have Matching Code

Boxes?

I try to save all my boxes
 a model in an original box
 will usually sell for more.
 For my scratch built models
 I make or purchase a box.

Valuation Guidelines

Good sources of information are dealer websites and internet sources such as eBay.

For Rolling Stock Good Rule of Thumb

Condition	Asking Price
New or like new	75-80% List
Obviously used but undamaged	50% List
Damaged but serviceable or repairable	25% List
Damaged, parts only	10% List
Beyond usable for parts	zero (throw away)

Building Kits

Excellent craftsman kits that are un-built usually hold their value very well.

The chart below takes the average value from Campbell to Fine Scale

Currently available	1-3 years old	75-85% of List Price
Out of Production	1-3 years old	100% of original Price
Out of Production	3-10 years old	150% of original Price
Out of Production	10-20 years old	200% of original Price
Out of Production	20-30 years old	300% of original Price

Built Kits Building & Rolling Stock

This is a very murky area, in general models built by hobbyists are worth far less than un-built kits, simply because of workmanship.

- Item is indistinguishable from a detailed ready to run plastic or brass model will usually bring about 80% of the equivalent commercial model.
- Item is geometrically perfect, cleanly put together, and if painted nicely finished. However with examination some details are obviously missing. 60-75% of the equivalent commercial model.
- Same as above but with a substandard or incomplete finish 50% of the equivalent commercial model.
- Model is geometrically skewed or shows excess or sheared glue 10% of the equivalent commercial model.

One person's Railroad Room



Keep a record of what goes into building and operating your layout.

A simple Excel spreadsheet showing
Date purchased – Item – Value
And keep it up to date.

Inventory List

Tall Pine Lumber Figure & Parts Inventory

3680 CR 324 Navasota, Texas 77868

Product ID	Location	Description	Manufacture	Unit Price	Quantity in Stock	Inventory Value on Hand
48-032P	Drawer 5 K	Mule w/Harness	Aardvark	9.00	1	9.00
48-0688	Drawer 5 K	Racoons in Garbage Can Painted	Aardvark	6.50	1	6.50
45-0470	Drawer 5 K	Horse w/Bridle	Aardvark	5.40	1	5.40
48-019P		Sheep Painted (4)	Aardvark	6.50	1	6.50
48-020P	Drawer 5 K	Seated Fireman Painted	Aardvark	5.40	1	5.40
48-038P	Drawer 5 K	Standing Fireman Reaching	Aardvark	5.40	1	5.40
48-032	Drawer 5 E	Mule w/Harness unpainted #1	Aardvark	5.00	1	5.00
	Drawer 5I	Engineer Hand on Throttle	Aardvark	4.25	1	4.25
48-018P	Drawer 6K	Dogs Painted	Aardvark	7.00	1	7.00
48-060P	Drawer 6B	General Store Items Painted	Aardvark	7.00	1	7.00
48-0300	Drawer 6B	Waiting Room Bench	Aardvark/Colorado Model	6.00	2	12.00
D26	Drawer 6A	PVC Flevable Cord	Accurate Armor	2.00	1	2.00
D18	Drawer 7A	Medium Chain	Accurate Armor	4.00	3	12.00
D19	Drawer 7A	Large Chain	Accurate Armor	5.00	3	15.00
409	Drawer 7C	Elbow ??	Alexandria	1.25	1	1.25
427	Drawer 7C	Clutches	American Model	2.95	1	2.95
441	Drawer 7C	Farming Tools	American Model	2.95	1	2.95
416	Drawer 6G	Tread Pieces For Crawler	American Model Builders	3.00	1	3.00
430	Drawer 7C	Gas Pump Glass Top	American Model Builders	2.95	1	2.95
437	Drawer 7C	Lantern	American Model Builders	2.95	1	2.95
401	Drawer 7J	Winches	American Model Builders	5.94	1	5.94
457	Drawer 7J	Light Hand Truck	American Model Builders	2.95	1	2.95

Inventory List

2/26/16

Tall Pine Lumber Company Railroad Inventory								
Scale		Road Name	Engine/Car Type	Number	Manufacture	Mfg Number	Notes	Value
O		Chicago North Western	40' Steel Box Car	57776	Atlas	3002802-2		\$ 45.00
O		Grand Union	40' Wood Reefer	90101	Atlas	77063		\$ 45.00
On3		West Side	3 Truck Shay	12	Sunset		Custom Paint DCC	\$ 1,475.00
O		Sierra RR	#5 Coach & #6 Combine Set	5 & 6	Car Works			\$ 550.00
O		UP	SD40ACE Diesel	4141	MTH		George Bush Display Only	\$ 479.95
On3		Tall Pine	2 truck shay		Wiesman		Wiseman Brass Conv to Bachmann	

What should your inventory cover?

- Engines (Brass and Plastic) include anything done to them, decoder, paint, contest winner.
- Rolling stock be sure to include what is on the railroad and kits yet to be built.
- Buildings kits and finished also extra details.
- Other items – vehicles, figures, detail parts.
- Books and magazines.
- Photos and slides.

Document Everything

- One of the best ways to document your layout (or your entire home) is photos, either still or video.
- Progress photos of the layout help to show what is under the scenery.
- Photos of the finished layout or finished and unfinished areas.
- Has your layout been published?

When you have all the inventory completed
You need to let family members know where you
have copies.

Yes copies!
Safe place in your home
and
Keep at least 1 set off site
Other family members
Your office
Cloud Storage

Recovering from a disaster will depend on how well you had everything documented.

Most people told agents they wished they had more data, not less, after a disaster.

Get quotes from a professional layout builder it will help you when you are working with an adjuster.

Keep your data up to date!

Estate Planning Something nobody wants to do

If you're immortal, you don't need this clinic.

Make sure you have a *current* will!

Problem is most wills read,
“I give and bequeath all of my tangible personal
property to my spouse, if my spouse is living, or
if not, to my children living at the time of my
death.”

Now what are they going to do?

It is a rare situation where both spouses are
equally involved in model railroading.

If your spouse isn't as involved as you are, it is
unkind to leave her (or him) with a sizeable
asset without information.

Much of the work we have already discussed
will prepare your spouse to handle your layout
when you move to the big roundhouse.

- Why are we doing this clinic?
- Stories of spouses getting ripped off.
- Stories of spouses who have to go through too much to get the stuff gone.
- Stories of spouses that had inflated values.
- Spouses that were told it wasn't worth much.

If you don't want to give your wife a realistic appreciation of the value of your trains, and/or you don't want to make it easy for her, you have problems that this clinic can't properly address;
you need
Dr. Phil

O Scale Big Boy \$75.00



Conversation with your potential survivors

- They need to know where the inventory is and who are the contacts.
- You need to decide, together, what trade offs need to be made between time and effort and money.
- You need to analyze the significance of your trains in relation to the entire estate.



What goes in what box?





Not all box labels are helpful

If you have custom painted and decaled a car or give them an idea where it belongs



Better idea – add a photo





- Understand the relationship between time, labor, and money.
- You get less for the stuff if you're in a hurry.
- Don't care which way you go, but you absolutely need to discuss.
- Does the widow want to haul your stuff to train shows for the next three or four years?
- Does she want the benefit and hassle of eBay?
- Consignment, sellers take 15-30% can take years.
- Sell the collection outright.

Hardback Books & Magazines

- Hardback and softbound books represent different problems.
- You need to look at the potential resale value and, again, discuss time and effort versus money.
- Price on the inside of the book is almost useless as a guide to what you can get for it.
- Don't be misled by some of the book dealers inflated prices.
- Dealing in the magazine market is rarely effective.

Selling to a dealer

- This is a quick way to sell everything at once.
- Don't allow them to cherry pick the collection they will get all the good stuff and you have the junk left.
- Most good dealers will review the inventory, and figure what they can sell in 3 months, 6 months and a year and what they will have forever, when they make an offer.

Taxes

- Know where and how to research tax consequences.
- Tax advice can be way out of date six months after it is given.
- Selling on eBay and PayPal you will get a statement of how much you sold and a copy is also sent to Uncle Sam.

To my mind getting the layout out of the house is a major problem, unless it was built in modular form.

Not only are we talking about a lot of stuff, we are also talking about a lot of material that is not reusable.

Think back how much track, benchwork and scenery have you seen survive one move.

The problem is compounded if the layout is attached to the house.

Sentimental Value

- Think about this, everything you own is worth more to you than its worth on the open market . . . otherwise you would have already sold it.
- Do you have items of history, John Allen engine or car? Maybe look at donating to a museum or historical society.

Promises

- Did you promise a certain piece to one of your friends.
- How about wishes of having several of you operators get a car off your railroad for them to remember you by.
- Does your spouse know those promises, write them down.

Information Form

Name: _____ Person or Dealer to be notified: _____
Address: _____ Address: _____
City: _____ State: _____ Zip: _____ City: _____ State: _____ Zip: _____
Phone(s): _____ Phone(s): _____

Equipment List and Valuation can be found at
(address, room, storage unit, file cabinet, safe/safe-deposit): _____

Equipment itself can be found at
(address, room, club location, etc.): _____

Boxes for equipment can be found at
(address, room, storage unit, club location, etc.): _____

**Particular comments or instructions,
anything already promised to others, to whom, and under what conditions:**

The way you deal with your collection in life may be, in a sense, the writing of your own epitaph.

You won't be there to defend your hopes and dreams, plans for your future, your long-term vision.

What your spouse and other people see when they go through your stuff may be quite different than the image you hoped to portray of yourself.

The frustration of sorting and disposing of the material part of your hobby may leave people with a sadly inappropriate remembrance of you.

What do you want to be your legacy? No it's not time to give up the hobby and start packing it away. But now is the time to think about what you want to become of your hobby remains and that may change the way you collect, store, document and cull materials and supplies.

Or

You might consider an alternative.

In the movie Chattanooga Choo Choo, the opening scene pans away from a grave. As you move back from the scene, you realize the coffin is being lowered into an 85 foot boxcar.

Perhaps you can take it with you but you should start planning for that boxcar right now.

Thanks