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# Aretha Franklin Estate Settles IRS Tax Claims

Aretha Franklin, the Queen of Soul, died in 2018 without a will. She was one more in a long line of celebrities that are very successful but that neglect how important estate planning can be. Her heirs had to endure public court battles, just one of the unfortunate aspects of a lack of binding documents that could have neatly sidestepped expensive and divisive battles. Many such battles are not pretty. But how about the IRS? Many large estates end up owing estate tax to the IRS, and some have trouble paying. Just look at [Prince's Estate, which eventually settled with the IRS. Prince also died without a will](#) in 2016, and that set off many legal proceedings. Then, the estate also fought with the IRS in court over the value of Prince's assets for estate tax purposes. In late 2021, Prince's Estate settled with the IRS. A much bigger estate tax fight with the IRS was for the value of [Michael Jackson's estate](#). Most of the dispute was about the King of Pop's image rights, and their continuing value. There were plenty of [IRS tax lessons there](#).

But the tax dispute for Aretha Franklin was quite different, since the IRS was after *income* taxes they claimed the Queen of Soul had not paid in numerous years during her life. Don't income tax obligations die with you? Usually not,

especially not when there is a solvent estate with assets ample enough to pay off the government. The Franklin estate was estimated to be worth approximately \$80 million with ongoing earnings from music, licensing, and royalties. But during her lifetime, she had IRS issues with tax liens and more. But now, [Aretha Franklin's \\$8M tax debt is paid, estate says.](#)



That is clearly good for her heirs, who must be relieved to have the IRS out of the picture. Franklin had been ill before her death, but even people with Wills do not always think through the tax and other implications. Phillip Seymour Hoffman had three children with Marianne O'Donnell, but the couple never married. Plus, he mentioned only one child in his will, not all three. Like Prince, Amy Winehouse didn't have a will either. Amy Winehouse's parents inherited her estate, while her ex-husband got nothing. Heath Ledger had a will, but it was five years old. It gave his parents and sisters his \$20 million estate, failing to mention Michelle Williams or their child. And after James Gandolfini died at 51, [his will](#) clumsily sent \$30 million of his \$70 million to the IRS.

The stories should make tax advisers and estate planners cringe. What happens on your death isn't an easy subject for anyone to discuss. But a few key points about Aretha's Franklin's situation deserve mention. A will would have been clear as to what she wanted, but a will is public. There is no reason the public has to know about who you benefit and who you may disinherit. Probate is public, expensive, time consuming and unnecessary. It is even worse not to have a will. With no will, the state has to decide who gets what, usually by statute. It is far better to make those decisions yourself. A will would have been simple and better. The simple way to keep it private?

For very little money you can create a revocable trust that calls for the disposition of your assets. You still write a will. But the will just says that everything you own goes via the revocable trust. It's called a pour-over-will, since it pours all assets into the trust. The trust is private. Using a trust does not necessarily mean saving taxes. No one wants to pay taxes unnecessarily, but you first want your assets to go how you want them to go. That can change frequently during life. Another advantage of a revocable trust is that you can change it easily at any time.

Unexpected celebrity deaths can make the rest of us think about what documents we need to have in place. The tax and financial hassle of probate or intestacy can be huge, even for normal sized estates. When you add the extra zeros that go with a successful entertainer, the failures can seem much more palpable. Franklin is not the only star who neglected estate planning. And when it comes to the IRS, they do tend to persist and to collect.

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