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WEALTH MANAGEMENT



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Preparing for the Great Wealth Transfer

As baby boomers officially enter their golden years of retirement, their Generation X and millennial offspring stand to inherit trillions of dollars in total combined assets, according to many financial estimates.

How should each generation prepare for this historic transfer of wealth?

Baby Boomers: Set Expectations

Whether they have a substantial legacy to leave behind or plan to spend most of what they have over the next few years, it's critical for boomers to set expectations with their children. When do they plan on gifting assets -- during their lifetime or after? How much will each beneficiary receive? It's easier to sort out trickier topics like gift and estate taxes once a clear plan is in place.

If baby boomers haven't mapped out their financial legacy yet, they should consider doing this soon. Delaying these conversations can invite unnecessary complications.

Gen X and Millennials: Focus on Foundations

For younger generations saddled with historically lower wages and higher student loan debts than their parents, it's tempting to place too much emphasis on an eventual inheritance. If and when they do receive a windfall, they should consider the 80/20 rule, where 80 percent of an inheritance goes toward paying down debt and long-term savings (like retirement), and 20 percent goes toward nonessentials.

It's also important for the kids of baby boomers to put their own financial house in order by mastering basic budgeting. Having a clear idea of needs and goals makes it easier to save and spend responsibly. This way, their parents' legacy can have a more lasting impact and help provide security for years to come.

Have questions? Reach out today.

Thank you for reading our newsletter!



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