

SHOULD YOUR CHILDREN INHERIT ALL OF YOUR MONEY WHEN YOU DIE?

By: Phil Heesen

Short answer: Probably not.

Who I'm talking to: Aging baby boomers who have planned well for their own retirement, and will most probably leave a nice chunk of change behind after they're gone.

I'm over-simplifying of course. But I do want to go on the record stating that giving away a lot of money to the next generation often causes more harm than good. Sorry, but this is based on what I have witnessed during 35 years as a financial advisor.

A large inheritance can be like winning a lottery. It may not end well.¹



On the other hand, there are organizations that can make good things happen with your money. I really like the work **community foundations** does. They screen and vet the vast myriad of not-for-profits in your local area, and provide you with recommendations for the ones you can get passionate about. The ones that align with your values.

Perhaps like my wife and I, you gravitate toward the charities that demonstrate the "helping people to help themselves" principle.

You can start donating to a community foundation now, take the tax deduction if applicable, and decide on particular charities later. The foundation manages the money for you. Minimum donations to get started are quite reasonable. Also consider involving your children with the foundation while you're still on this planet, so they will be prepared to make decisions after you are gone. Because... another cool thing about community foundations is that your donated funds can be set up to be perpetual. We happen to have a terrific community foundation right here in RVA.²

Consider letting your children know now your decision to provide them an inheritance of a certain dollar amount and the rest to charity. You certainly don't need to tell them any numbers, but you can plant the seed. At least make sure they are aware it is not a good idea for them to go through life thinking their retirement plan is your inheritance!



This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

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¹ https://www.cleveland.com/business/2016/01/why_do_70_percent_of_lottery_w.html

² <https://www.cfrichmond.org/>