

## **There's more to inheritances than money**

By Andrea Coombes

When it comes to thinking about inheritances, both boomers and older Americans say money's not everything. Instead, baby boomers say their parents' personal keepsakes, family stories and final instructions are more important than the oft-publicized trillions of dollars they're expected to inherit.

But conversations about how personal keepsakes will be passed down and how parents' last wishes will be carried out are among the least likely of inheritance topics.

Seventy-seven percent of boomers said understanding their parents' values is very important, 65 percent said enacting their parents' last wishes is key and 34 percent felt receiving their parents' sentimental treasures is very important, according to a telephone and online survey of about 1,200 boomers, conducted for Allianz, the insurance company, by Harris Interactive. For this study, boomers are those 40 to 59 years old.

But just 10 percent of boomers said it was very important their parents bequeath financial assets or real estate. And 96 percent of boomers said their parents don't owe them an inheritance; 95 percent said they're not counting on an inheritance for their financial well-being.

However, 73 percent said their parents' personal possessions are very important, and 91 percent said family stories are.

"People want to deal with the emotional values of what a legacy is, not just the financial values," said Mark Zesbaugh, chief executive officer of Allianz Life Insurance Company of North America.

Older Americans had similar things to say: Seventy-seven percent felt it's very important to pass along their values, 53 percent said clarifying their last wishes is key and 30 percent pointed to treasured personal possessions as important. The study surveyed 1,345 people 65 and older.

The only difference between boomers and their parents is that parents are more likely to think financial assets are a very important bequest: 39 percent of elders said so versus just 10 percent of boomers.

But when discussing inheritance, more boomers and older Americans focus on finances rather than the issues they say are more important.

Just 37 percent of boomers said they've talked with their parents about their parents' last wishes and 46 percent said they've talked about divvying up the parents' personal possessions. But 60 percent said they've talked with parents about the distribution of financial assets.

### **No one chose money**

When forced to choose just one bequest, no one opted for money, said Ken Dychtwald, a consultant on the study, and chief executive of Age Wave, a consulting firm focused on boomers and older adults.

"We forced the issue," he said. "We said if you could only focus on one, what would it be? Not one person said money.

"We're not saying money isn't important and people don't enjoy receiving some financial windfall, but...the focus on inheritance is the wrong paradigm. What people have an appetite for is to pass a large part of themselves along to the next generation, and that dialogue is not happening."

The issues not being discussed can prove to be among the most intractable when heirs are left without instructions.

When asking questions of boomers who had already lost both parents, the study found there are "five times as many issues and discussions that arise in the transference of the personal possession of emotional value," Zesbaugh said.

### **'It's grandma's china'**

"It's grandma's china that causes more of an issue than does the transference of the financial assets," he said.

Financial planners see that problem often.

"We've seen situations where those mementos ended up causing more conflict than money," said John Williams, a Certified Financial Planner and founder of Williams Financial Group in Charleston, WV.

In one case, he said, a grandfather wanted to leave his tools to a grandchild, but some of his adult children protested. "The grandfather had shown his children how to use the tools and they built things around the house," Williams said. "They'd all held them in their hands. There were decades of memories."

## **‘I can see dad’s hands’**

One of the children said, “I can see dad’s hands using those tools and showing me how to use them. No one’s getting these tools but me,” he said.

In another case, a mother’s cooking bowls were valued because she taught her children how to cook with them.

Older adults should consider casually chatting with their beneficiaries to assess whether any items hold particular interest, Williams said.

“Approach your family members one-on-one and say ... ‘I was just wondering, if something were to happen to me, are there some things that you hold near and dear to your heart?’” he suggested.

“You have to be very careful and not make any promises...you may find each of them does desire to have the same object. At that point, you have to make a decision.”

If their aging parents have made no mention of estate plans, adult children can broach the topic, but their success will depend largely on the relationship they have with their parents, and how they present the topic.

“It boils down to the relationship,” Williams said. “I’ve seen it very poorly received. But I’ve also seen it as an avenue for the parent who was a little apprehensive and was relieved that someone else brought it up...so many of these things are individual choices and you have to know what your family is about.”

When it comes to personal mementoes, if you do decide to raise the issue, be polite. “It all depends on the way you raise it,” said Kelly Young, an estate-planning attorney with Lane & Young in Charleston, WV. She suggested saying, “I want to make sure this stays in the family, and it would really mean a lot to me to have it someday.”

## **Try an ethical will**

Given that many in the survey are interested in passing along more than just money, they might consider an ethical will, said Malcolm Greenhill, a Certified Financial Planner and principal of Sterling Futures, a wealth-management firm in San Francisco.

“Ethical wills are statements about values and stories that they want to communicate to their heirs. What’s their personal philosophy on life. What worked for them, what didn’t,” he said.

While hashing out who gets which memento might be a good idea, it’s not always necessary for parents to divulge specific detail regarding financial bequest.

“It’s a personal choice.” Williams said. “We do have some clients who are very, very open about this. They involve their children because it’s a personal choice...a lot of parents are very, very private. They were brought up in an era when...you didn’t have discussions about money and inheritance.”

Some parents don’t want the prospect of a big inheritance to cause the kids to ease up on earning money.

But some estate planners say it’s best to alert the kids to the general plan, at least.

“Especially if they’re going to treat particular people differently, it’s better to have that conversation, so there aren’t hurt feelings after the parents pass away,” said Young, the estate-planning attorney.

### **Make it easily available**

If parents do decide to get specific, they should be careful about how specific. One parent told his children to stick with the same investments that had served him well though his lifetime, Williams said. “The child felt, ‘This was dad’s wish. I can never sell this.’”

Whether you share the details with your children, make sure you clearly state your estate plan on paperwork that’s easily accessible.

“We give out a checklist with 25 items listed: the birth certificate, the passport. All you have to do is checkmark. ‘A’ means it’s in the safe deposit box, ‘B’ means in the safe at home, ‘C’ means in the desk drawer.” Said Peg Webb, of Wealth Enhancement Group in Wayzata, Minn.

“We tell them to put that list on top of the will and trust, and on the back we have our contact name, and we tell them to put the CPA’s name on there, so it’s easier for the kids, because we understand they’re not going to know.”