

What Will You Leave Behind?

History is full of examples of parents taking actions they believe will improve the lives of future generations. In 1780, then President of the United States John Adams wrote to his wife:¹

“I must study Politicks and War that my sons may have liberty to study Mathematicks and Philosophy. My sons ought to study Mathematicks and Philosophy, Geography, natural History, Naval Architecture, navigation, Commerce, and Agriculture, in order to give their Children a right to study Painting, Poetry, Musick, Architecture, Statuary, Tapestry, and Porcelaine.”



The underpinning for an improved future may be found in the bedrock of an enduring political system, a free country, a strong work ethic, a superb education, or elsewhere. The [2015 U.S. Trust Insights on Wealth and Worth](#)² survey found 6 in 10 wealthy Americans believe it is important to leave a financial legacy for the next generation. If you intend to provide heirs with financial bequests – and you want to preserve family harmony – it’s important to clearly understand the story your choices will tell your heirs.

What is equal in the context of family?

American families are varied but their members tend to fall into one or more of a few broad categories. According to the [Key Findings Report](#)³ in the 2015 U.S. Trust Insights on Wealth and Worth, a couple of these categories are:

- **Single person:** About 18% of wealthy participants, in a recent survey, had never married or had not remarried after being divorced, separated, or widowed.
- **Marriage:** About 72% of affluent Americans are in their first marriage; 68% of those have children.

In the context of family, what seems like the simplest choice – dividing assets equally among all of heirs – becomes quite tricky because equality is in the eye of the beholder. A grown son may believe he deserves a bigger slice of financial pie because his family has the most children. A daughter may believe she deserves more because she was the primary caregiver when you were ill. Second marriages and blended families create other considerations. Mix subjective judgments about fairness with the complexities of the modern American family structure and inheritance issues can become quite touchy.

Minimizing inheritance disputes

Determining an equitable division of assets is never easy, not even for single parents or couples in traditional families. One child may suffer a disability, have an addiction problem, run the family business, be less successful than siblings, or have made life decisions parents are uncomfortable supporting. If your family circumstances necessitate an uneven distribution of assets, there are a myriad of ways to try and minimize the conflicts that may accompany this decision. These include:^{4,5}

- **Acting discretely.** If you’ve decided an unequal division of assets is necessary and know your children will not be happy with your decision, consider establishing a discreet trust for each child. The advantages of discreet trusts are they can be funded unequally and each one can have completely different distribution triggers and incentives. In addition, each child will only be apprised of the provisions of his or her trust unless the information is shared. Make sure the assets that will fund each trust are properly titled.

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- **Establishing a shared trust.** If you distribute the majority, but not all, of your estate equally among heirs, the remainder (perhaps one-fifth or one-quarter of the assets) can fund a shared trust to be used when an heir has an emergency need. The trust should have an objective third-party trustee who will be responsible for distributing funds fairly.
- **Choosing your executor carefully.** Some say it's best to follow family hierarchy and make your oldest child the executor of your estate. Others say it's best to choose a family member who is organized, hardworking, honest, and a good communicator. Still others will suggest you appoint a committee of executors because of the checks and balances a group provides. No matter what you decide, make sure everyone understands your choice.
- **Explaining your thinking.** The difference between family harmony and an ongoing feud may be determined by how clearly you communicate with your family. *The Wall Street Journal* suggests, "Whenever possible, try to be open about your inheritance plan while you are still alive, so every family member truly understands it, minimizing the chances for suspicions to arise later. If you don't want to have this difficult conversation while you are alive, you can write a letter or make a video elaborating on the reasons and thought process behind your plan and making it clear that these decisions are yours alone."



There is no right or wrong answer as to who is important to you and there is no right or wrong answer when it comes to inheritance. You will make decisions based on your knowledge of family dynamics and individual needs. *The AAll Journal*⁶ suggests taking "a multi-faceted approach that combines psychology, good lawyering, a lot of self-awareness, and a good dose of common sense."

Reviewing your beneficiaries, will, and estate plans with your financial advisor and attorney will help ensure your wishes are followed after your passing.⁷ A trusted financial advisor can help navigate family dynamics and smooth family harmony if introduced to those most important to you by you. As uncomfortable as it may be to think about, planning for your passing is your responsibility to those you care about most. You will be remembered more for how you lived your life than any inheritance you leave behind.

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

Sources:

¹ <http://harvardmagazine.com/2011/03/quotable-harvard>

² <http://www.ustrust.com/ust/pages/insights-on-wealth-and-worth-2015.aspx>

³ http://www.ustrust.com/publish/content/application/pdf/GWMOL/USTp_ARTNTGDB_2016-05.pdf

⁴ <http://online.wsj.com/news/articles/SB10001424053111903648204576554620047917688>

⁵ <http://www.fa-mag.com/news/playing-favorites-16512.html?section=105>

⁶ <http://www.aaii.com/journal/article/19-recommendations-for-minimizing-inheritance-conflict?adv=yes>

⁷ <http://www.nolo.com/legal-encyclopedia/avoiding-fights-over-your-estate.html>

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