



# Anderson Cooper and No Vanderbilt Inheritance

*Will you constrain your lifestyle to maximize your kids' inheritance?*

Gloria Vanderbilt built an enviable career as an actress, fashion designer, and author and on top of her inherited money from her father, she created a fortune. She inherited a trust fund that was worth \$5 million in 1925 and upon her passing in 2019, her estimated worth was close to \$200 million.

But she didn't leave an inheritance for her children, including CNN anchor Anderson Cooper.

## **Inheritances are Not Popular**

A survey by HSBC finds that about 60% of U.S. parents intend to leave their children an inheritance, the lowest of the 15 nations studied. The fact the U.S. is last came as no surprise to most financial advisors. What might surprise many advisors, however, is that 60% seems way too high.

Here is the truth: advisors will tell you that most of their clients have no intention of constraining their current lifestyle to maximize their kids' inheritance. Consuming their last penny of savings about the time they take that last breath is their spending plan of choice. There is even a name for these folks: "Die Brokers."

If they did a good job of planning for retirement, however, most Die Brokers will leave something behind. Almost all of these intend to divide what remains equally among their children. Nevertheless, leaving an inheritance just isn't a priority. As a side

note, advisors rarely see any intention to leave any significant portion of their estate to charity either.

## **Why Not Leave an Inheritance?**

Why is there a disconnect between the almost two-thirds of parents who say they will leave money to the kids and their real intentions? Most people have an unconscious learned belief about money, called a money script. Such as: "Good parents should leave something to their children." It is similar to another money script of: "Good parents should pay for their children's college education." These are seen as things "good" parents do.

It is likely that when most respondents answered the survey question, they were responding with the money scripts they believed they should follow, rather than their true intentions.

Still, this does not explain why U.S. parents intend to leave their children less than parents in any other country. One reason could be that more foreign parents actually do believe that it's necessary to leave their kids an inheritance.

## **The Value of Hard Work**

One of the most common themes among affluent clients is a desire to see their children make it on their own. Over 90% of these clients are first-generation wealth builders, meaning they didn't inherit their money but accumulated it from saving, investing or

building a business. They value hard work and frugality and feel leaving a large inheritance to a child is more hurtful than helpful.

Many of these first-generation millionaires also feel accumulating wealth in the U.S. is very attainable with hard work, discipline and frugality. This is not the case worldwide.

In many countries, it doesn't matter how hard you work or how frugal you are, confiscatory taxes and oppressive regulations insure that those people not fortunate enough to be born into money will never have a chance to become affluent. The only way to have a comfortable net worth in many countries is to either inherit it or work for the government.

Sadly, the U.S. is closer to adopting a model that makes accumulating wealth increasingly difficult. Here is a test: name a politician currently campaigning who advocates lowering income taxes on wealth builders. Yet I bet you can name scores who are running on increasing taxes on "the rich."

Affluent parents in the U.S. may soon begin to feel that, without an inheritance, their children may never have the means to get ahead. If more U.S. parents adopt this belief, we will probably see increasing numbers actually leaving money to their kids.

The money script of "Good parents should leave something to their children" might become the truth.