

The Tough Conversation About Intergenerational Estate Planning

There are two scenarios where lack of planning and communication regarding inheritances can create discourse – not receiving an expected inheritance and receiving an unexpected inheritance. Each situation has financial and emotional repercussions, but many people are uncomfortable starting necessary conversations for fear of creating relationship problems within the family.

Unmet inheritance expectations can happen for a variety of reasons. People are living longer and those in long-term care situations may be applying funds to cover those expenses, which leaves little or nothing to be passed on. Others may want to bequeath their money to an organization or cause they care deeply about as part of their legacy.

Not being aware an inheritance is coming can create some serious issues as well, leaving heirs ill-prepared to receive these funds. Some respond with a spending spree, while others become paralyzed by fear they will make a mistake and disappoint or dishonor the parent who worked so hard to leave them a cushion. Even if the heir manages to find a middle ground, an unexpected inheritance can push him into a higher tax bracket or trigger the alternative minimum tax.

Communication may be key, but that doesn't make it easier for parents and children to talk about how wealth will be transferred at the parent's death. An intergenerational estate plan that looks at the parent's need to mitigate taxes and distribute wealth *and* at the impact that wealth will have on the recipient can help families work through the taboo issues. It can also eliminate the surprise element if their plans do not include passing funds to family members.

Whether you are the parent or the child, I can help initiate and guide those conversations that will help ensure both generations are ready for the inevitable. Call my office today to discuss the next steps related to your intergenerational estate plan.

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