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What To Expect When You're Expecting An Inheritance



Jody Gastfriend Contributor ⓘ

Retirement

I write about how to best care for our aging parents and ourselves.



Conversations about your inheritance can be tough to initiate, but the majority of families who have talked about estate planning say the discussion went smoother than anticipated. GETTY

Several months ago my sister made a surprising suggestion: Let's sit down with Mom and figure out how this whole inheritance thing is going to work. Awkward, right? As a senior care expert, I give out a lot of advice about proactive planning, but I'd avoided this one myself. The truth is that we've never really talked about money as a family, so we didn't know the details of my mother's finances. And I'm not alone. While researchers expect about [\\$20 trillion will be transferred in](#)

[bequests](#) over the next decade, most inheritors are unprepared and uninformed about the process. Are there benefits to knowing where your parents' assets are going after they're gone? Apparently there are. Planning ahead can save time, money—in inheritance taxes—and heartache. It can also help your mom pay for long-term care down the road, should she need it. So we set up a meeting with my mother and her financial advisor to learn more.

You might wonder if it is really necessary to plan ahead if you are not uber-wealthy. In fact, estate planning is for everyone and not just the well-heeled. While it may seem daunting, the reason is quite simple. Estate planning makes things easier for those left behind and enables heirs to carry out their loved one's wishes. On the other hand, avoiding the topic may lead to increased conflict and confusion.

According to a study by [Ameriprise Financial](#), the number one reason adult children don't address estate planning with their parents is that they don't feel it is their place to bring it up. Parents are often unwilling to share financial information with their adult children. Viewing money as a private matter is ingrained in our culture, particularly for the generation that came of age during World War II. We were lucky. My 90-year-old mother thought the meeting was a good idea, but she is in the minority. Only 21% of parents have told their children how much inheritance they will receive, the Ameriprise research found.

It can be tricky, but experts say it's better to initiate estate conversations by focusing on a parent's wishes and concerns, rather than on who-gets-what. So that's what we focused on when we contacted my mother's financial advisor, Jim Healey, a vice president at Morgan Stanley. "A first step in the process may involve adult children asking basic questions of their parents, such as have you planned ahead and what are some of your thoughts and preferences?" Healey told me. "Discussing potential long-term care needs and health care costs can open the dialogue."

According to Healey, one of the primary goals of a family meeting is to insure that proper estate planning has been completed. For example, is there a will (a

document detailing how assets are to be distributed after death)? When it comes to planning for the hereafter, when you have a will, there is a way. Still, close to 60% of Americans do not have a will and the number is higher for younger adults. This can really make a mess of things when a person passes away unexpectedly and their heirs are left to sort things out. Both Prince and Aretha Franklin died *intestate* (without a will).

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My mother had a will and she had given each of her three children a copy. But experts will tell you that a will itself is not enough. A complete estate plan should include a living will (medical instructions in the event a loved one becomes incapacitated) and a health care power of attorney (someone authorized to make medical decisions on another's behalf). Some estate plans also include trusts, legal arrangement in which assets are held for designated beneficiaries without requiring probate (a public court process).

Another significant obstacle to estate planning is family conflict. In Healey's professional experience, disagreements between siblings often intensify *after* their parents have passed away. The main causes of sibling discord include how inheritance is divided, whether one sibling supports a parent more than another and the perception that parents are being unfair in how they divvy up the pie. Add to the mix blended families, second marriages, step-children and regular old sibling rivalry, and things can get ugly. Healey recommends having an open and honest discussion upfront and insuring proper legal documents are in place to avoid family squabbles.

Fortunately, my brother, sister and I are on the same page. Our biggest concern is that Mom have enough money to last the duration of her life. We also want to

make sure there are sufficient funds for long-term care if needed. While we hope Mom will remain independent, it was reassuring to learn there are financial resources, including an insurance policy, to pay for care down the road. But what if your mother doesn't have funds available and may need Medicaid, which pays for long-term care for those deemed poor enough to need it? Perhaps your mom is ineligible because she's considered over-income. To qualify, she may need to transfer assets to you or your siblings a full five years ahead of time. That's where planning ahead can make a big difference.

Another way advanced planning is helpful is to clarify who-does-what. Should my mother become incapacitated, I'll assume the role of financial power of attorney and will manage my mother's finances. As the designated health care proxy, my sister will make health care decisions on my mother's behalf. And as the executor, my brother will insure the estate is distributed according to the wishes outlined in my mother's will. The truth is that while we have separate roles, we will not perform them in isolation. We will lean on each other for support and seek out expertise when we need it. This is a journey best taken together.

In fact, the vast majority of families who have talked about estate planning say the discussion went smoother than anticipated. That was true with us. Rather than being uncomfortable, our meeting was actually reassuring. But estate planning can be tough to initiate—particularly since it focuses on two much-avoided topics: money and death.

For me, the biggest obstacle was not broaching an uncomfortable subject or the threat of family strife. The process of estate planning forced me to contemplate a world that is both unimaginable and inevitable, one where my mother is no longer in it. While it is often unacknowledged, there is grief in estate planning. It heralds a profound loss to come. Sometimes that grief can morph into anger and avoidance, conflict or chaos. Understanding that risk may even help avert it. There is also an unforeseen gift that has nothing to do with money. It is about honoring our parents' legacy and cherishing their ability to give, even after they're gone.