

FINANCIAL JOURNEYS

FINANCIAL & RETIREMENT PLANNING FOR LIFE



An inconvenient inheritance

Don't let your possessions weigh your kids down

Your home can house a lifetime of mementos and tchotchkes. Your things have heart and soul, and bring you comfort, security and happiness. Though each has a story and a memory for you, it may be different for your kids. They may not like or want your possessions, or simply won't know what to do with them should they inherit them. To help resolve these issues, here are some ideas for how to prepare your treasures and beneficiaries for the future.

AHEAD OF THE GAME

Now is the time to work things out while you have plenty of time to make decisions. Figure who will appreciate certain

items in your home – and which items are possessions *non grata*. Do the legwork now to figure out what they want, and what you can sell or donate as you plan your legacy. Start honest conversations about your plans with both your heirs and your professional advisors. These conversations may be difficult emotionally or feel too personal, but they're important so that your wishes are well understood.

WHAT YOU REALLY, REALLY WANT

Look over your things and give it the third degree. Do you love it? Need it? Use it? Answer yes to one of these, keep it. The things that remind you of your honeymoon or the best holiday you ever had? Keep those for yourself and then give your loved ones the right of first refusal on things that didn't make the cut.

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An inconvenient inheritance (cont.)

WHAT THEY REALLY, REALLY WANT

When you spend time together, ask your children or other loved ones which items bring them joy. If you're so inclined, allow immediate and extended family to take turns "staking a claim" on the specific things that spark great memories. As you take inventory together, share stories about the items and what they mean to you. If you can't do it in person, create videos that give your possessions history, meaning, value. That alone could be worth more to your family than anything. If you know an item's provenance, share that, too.

Another option? If you know someone just starting out, who doesn't mind decorating in what could be termed "second-hand chic," ask them if they need particular items or allow

them to "shop" in your attic, basement or garage for items you no longer use.

LETTING GO

After your first cuts, it may be time to let go of items with no takers. If you want to sell, do online searches (e.g., kovel.com or ebay.com) to see if there is a market for your art, furniture, jewelry, china or silverware. Sell it if it has value – get an appraisal first then take your time to get the best price. Remember, too, that a qualified appraiser may be hard to find. Specialists could live out of state and need time to travel, but the effort may be worth it if you want to monetize an asset to the maximum benefit of your heirs or philanthropic endeavors.

If you're sure your items aren't worth much, make a charitable donation and move on. This applies to furniture, jewelry, clothes, even random kitchen gadgets you've acquired over the years.

FIVE TIPS TO "DE-STUFF" YOUR LIFE

- 1. START EARLY.** Don't leave decluttering to grieving loved ones. Start now and work your way through your house – from attic, basement and garage to the interior.
- 2. GIVE GENEROUSLY.** Gift your treasures to those who appreciate them. It may be kids, siblings, nieces, nephews, grandkids, best friends. Find the right person or organization while you have time.
- 3. SAVE MEMORIES.** Keep your absolute favorite pictures and videos, then digitize the rest or hire a service to do it. All those documents you're storing? Same idea. Scan what's important. Recycle the rest.
- 4. TURN THE PAGE.** Books can be cumbersome. Find a library, used bookstore or senior center that wants them.
- 5. ASK FOR HELP.** It's emotional to sort through a lifetime of memories. Loved ones, friends and neighbors might be willing to lend a more objective eye as you cull. Ask for help, and be willing to return the favor. If you need even more objectivity, find a professional through the National Association of Senior Move Managers whose job it is to help people downsize. There are also companies that specialize in managing estate sales to help you manage the task.

YOUR LASTING LEGACY

It's important to leave clear instructions in your will for any tangible personal property that remains – to whom it will go, what will be liquidated and the proceeds split among heirs, or something different. Again, share your thoughts and document them well.



Successfully passing on wealth and assets can be complex, both emotionally and practically, but the effort is worthwhile for your own comfort and the security of those you leave behind. View the planning process as a chance to engage your spouse and heirs with deep, meaningful conversations about health, wealth and the future. ■

NEXT STEPS

- Create an inventory with photographs and dimensions along with notes as to who wants to inherit which items. Home insurers and third-parties have created apps and software to help (e.g., EverPlans).
- If you wish to sell a substantial asset, talk to your financial and tax advisors so they can expertly guide you through the timing of the sale and any tax implications or financial factors to consider.
- Begin to let your beneficiaries know your intentions and ask for feedback.



Opening doors

Things to consider before helping your kids purchase big-ticket items

Hopefully, by the time your kids reach a point where a major purchase is considered – be it a college education, a car, a wedding, a home or even a business – you’ve succeeded in teaching them the value of a dollar. This will help them understand the gravity of the decisions you’ll make as you explore how the money they need will be provided – by gift or by loan, for example.

START HERE

Think of your needs first. This might be hard since it’s natural for parents to have an attitude of self-sacrifice when it comes to kids. But when it comes to your financial future, there’s no scholarship for retirement. Talk to your financial advisor to gain perspective.

BY GIFT

In 2018, the IRS increased the annual individual gift amount to \$15,000 – each parent can give a child \$15,000 for a total of \$30,000. Give more and you’ll need to file a gift tax form. But that doesn’t mean a tax bill. Since the individual lifetime gift exclusion amount is \$11.18 million per individual, the amount over \$30,000 will count toward the lifetime gift exclusion. Talk to your tax professional before you decide to gift above the annual gift exclusion amount.

BY LOAN

Here are three important things to keep in mind when loaning money:

First, even though it’s a transaction between a parent and child, monetary transactions should be treated like business. Make expectations clear. Put loans in writing. This way, everybody can do his or her part to keep relationships cordial. Also, if the loan

MANAGE EXPECTATIONS — EVERYBODY’S

Expectations can be emotional. For parents, think how you might feel sitting across the table at family gatherings from someone who owes you significant money but is not always on time with payments. Adult children may not know how parents will react if they make other large purchases while still owing money. These things must be discussed in advance. If either side is uncomfortable, a loan may not be a good idea.

is more than \$10,000, the IRS requires you to earn interest at or above the applicable federal rates. You can find them at irs.gov.

Second, loan only money that won’t cause you financial instability. Additionally, there are other possibilities. For example, you can use securities in your eligible brokerage accounts as collateral in a Securities Based Line of Credit.

Third, if you’re providing a mortgage, it must be registered in order for your child to claim the mortgage interest deduction. You can use a company such as National Family Mortgage to register the loan. Real estate attorneys often do this work, too. They’ll prepare the note that sets terms, interest rate, payment dates and frequency. Remember, these notes are legally binding. ■

NEXT STEPS

- Talk to your financial advisor and tax professional ahead of time.
- Set expectations for everyone and agree to them.
- Have a plan for what to do if an interruption in loan payments is likely or imminent.



Multigenerational memory-making

Good communication, organizational skills and endless flexibility fuel success

Though spending vacation time bonding across layers of one's multigenerational family may not appeal to everyone, a growing number of families have made it increasingly popular. AARP® reports multigenerational trips are among the most commonly identified motivators for domestic travel. Taking the kids and grandma along is also listed as the top travel trend for 2018, according to luxury travel network Virtuoso.

If your family seems suited, it may be worth trying. The trick is planning well enough that all generations enjoy their time together. The following are factors to consider.

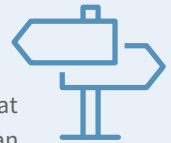
BUDGET AND DESTINATION

Before you research exotic destinations, establish a budget. Will the family patriarch and matriarch foot some or all of the cost, or will every adult family member cover the costs for themselves and their children? After you determine a budget, you can begin to solicit ideas on destinations – ask everybody for an idea or two to build enthusiasm.

Use your family knowledge of what everyone likes (or is able) to do. Small children may not tolerate daylong visits to historic sites or museums. Adults won't necessarily like babysitting. Strive to find a solution where everyone can find comfort.

Learn how far everyone is willing to travel. Do you need to find a central point, or are some family members willing to travel farther than others? Anyone afraid to fly or anxious about long plane rides? If travel abroad is possible, is everyone's passport up to date?

Don't worry if you can't get cruisers and hikers on the same page. There are specialty planners and organized tours that cater to multigenerational families who can iron out the details for you. You may end up on a cruise to the Galápagos with hikes around the islands.



Plan how to organize the days. Will everyone be expected to do the same thing day after day, or will you build in plenty of optional time for individuals and families to seek adventures?

TIMING AND DATE SETTING

Consider school (public, private, high school, college) break periods or summers. But keep in mind vacation schedules for many adults are set by employers. Start planning a year to six months ahead so you can work around schedules and availability before deciding on a date. Try to accommodate everyone if you can. Early on, learn what you can about everyone's vacation schedule or circumstances. ■

NEXT STEPS

- Talk to your advisor about how to save for the trip. Begin saving a year ahead of time.
- Solicit group opinions sparingly (or your inbox may run over as you negotiate every small point).
- Relax and enjoy even if things don't go according to plan – the point is to make memories together.