



Estate Planning: Life, Love, and Legacy

Are you asking the right questions—and in the right order—to create an estate plan that reflects your values?

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Consider this scenario: Your attorney has prepared a document that shows all the tactics for passing along money to your spouse and children. It's complex and detailed and includes things called ILIT, CRUT, and CLT. It suggests an FLP, an LLP, or a Crummey Trust. It seems thorough and offers all of the *how* details. However, that's not the place to start. You should begin by thoughtfully and intentionally reflecting on the answers to the *why* of an estate plan: Kids? Causes? Or both? And how much?

If you're stumped on this, pull out your will and see what you specified—especially if you created it years ago. You may have planned to split your estate equally among your children at your death, but life and your wealth may have both changed in the years since your will was drafted. Perhaps your plan for distribution of assets also needs to change. It's quite common, for example, for people to make no mention of charities—those causes you are now involved with and care deeply about. Maybe there are other individuals (friends, employees, coworkers, or extended family) or organizations (educational institutions, societies, or ministries) that you would like to leave some of your assets to as well.

Years after people prepare their wills, they sometimes decide that a combination of lifetime gifting and a distribution at death is a better approach. Your children or grandchildren may have needs now that you want to help with, rather than holding on to your wealth and passing it on upon your death. A re-examination of your life, your loves, and the legacy you want to leave is in order.

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Wisdom and Money

The first step in the estate planning process is to decide how to divide your estate between your heirs and charity. It may help to take a step back and reflect on Ecclesiastes 7: 11-12: “Wisdom, like an inheritance, is a good thing and benefits those who see the sun. Wisdom is a shelter as money is a shelter, but the advantage of knowledge is this: Wisdom preserves those who have it.” As Ecclesiastes points out, both wisdom and money are shelters. Although both are important to pass on to your children, it is more important



to pass on wisdom than money. Wisdom provides guidance and helps us persevere. When determining how much of your estate to leave to whom, consider the following.

- How will my assets impact my children and their spouses?
- What is the worst thing that could happen if I don't leave my children money?
- What exactly do I want to accomplish with the money left to my children? Allow them to purchase a home? Pay for their education? Show my love for them? Continue my business by expecting them to buy into it using the money I leave them?
- Would it upset me more if I left a lot of money to my children and found out they couldn't handle it, or if I didn't leave them very much and found out they could handle it?
- Are my spouse and I in agreement on the answers to these questions?

A primary goal for many people is to leave their children enough wealth so they can live comfortably. However, it's important to make sure that amount doesn't inadvertently undermine their work ethic. You want them to learn to be content and productive and not consumptive. That amount is something only you can determine based on what you know about your children, their maturity, their work ethic, and their vision for their futures.



The Equality Decision

Once the amount is determined, a common but difficult follow-up question is, “Should I divide my estate equally among my heirs or not?” Perhaps one child is an accomplished surgeon with a large family, another is pursuing a passion for mission work, and the youngest still lives at home while waiting for a big break in music. Does each child receive the same percentage of assets in your estate regardless of their life circumstances? Do you provide any of them financial support currently? If so, do you give it to them equally? The equality decision requires wisdom, and there are reasons why both equal and unequal options may make sense for your situation.

For many families, giving equally is a better solution because it:

- Avoids sibling conflict. Although your children shouldn’t assume you will divide your assets equally, they likely do. They are also most likely aware of financial assistance you are currently giving.
- May bring your children closer to a relationship with God. A child’s portion of assets bequeathed in your will is essentially your last statement to them—you could help bring them closer to God or push them farther away.
- Eliminates judgement. If you place conditions on a child receiving assets, then someone must judge those mandates. If your assets for children are in a trust, you’re putting your trustees in a very difficult situation to judge whether your children meet the conditions or not.

However, you could choose to leave unequal assets if:

- You have financially supported one child more than another during your lifetime and therefore want to leave more of your estate to the children you have not given to yet.
- You have a child or grandchild who is disabled, ill, or has special needs, and their day-to-day expenses or treatment are causing a financial burden for their family.
- One of your children struggles with addiction or poor choices, and you are fearful that excessive money might contribute to their struggles.

It’s also important to acknowledge that an inheritance left to a child who is married is given to them as a couple and not just to your child. If you don’t make this clear, it could inadvertently create tension in their marriage.

Clarity is important for everyone involved as you answer these questions, make decisions, and create your estate plan. Clarity comes from good communication within the family. It is important to explain to your children why you made certain decisions, especially if amounts are not equal, and how and when you’ve set up the asset distribution. In our next newsletter, we’ll talk about the importance of a family conference regarding your estate plan and offer some guidelines on how to make that gathering successful.

Every family is unique, so it’s important to look at your own family and circumstances when making these decisions. It is also wise to speak with your financial advisor about what makes the most sense for your particular situation.

How much to children?
“Do I give equally to each child?”
How much to charity?

When & how do I give?

Current Giving

“What form of estate assets?”
Business Succession, Capital Conversion Issues, etc.

Deferred Giving

“What techniques do I use?”

Should we have a family conference and when?

How Much and When?

A simple guideline for leaving money to children is to consider goals for each age group:

AGE 0-20:

Less is more. At these ages, your children need financial capital in the future for their education and basic living expenses. They don’t need so much money that they have no incentive to work. What is the worst thing that happens to them if they have to work?

AGE 20-40

More may be OK. Hopefully by now your children have learned the importance of hard work and the value of money. If so, then they may sincerely appreciate money passed along to them at this stage of life. Perhaps they want to buy their first home or have some financial security to start a family or a business of their own.

AGE 40-60:

Amount is not as important. By this season, your children have most likely shown they are responsible enough to handle wealth, and any amount you leave them will not destroy their work ethic or undermine what you have modeled for them.



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