

Los Angeles Times

Many Baby Boomers Don't Plan to Leave Their Children an Inheritance

Unlike previous generations, some baby boomers believe they've already given their children enough, and they plan to spend the money they've saved on themselves.

By Walter Hamilton
September 5, 2011

Carol Willison has made lots of financial sacrifices for her two children over the years, including paying most of her older daughter's medical school tuition. But Willison's generosity has reached its limits.

Not only doesn't the 60-year-old Seattle woman plan to leave her daughters an inheritance when she dies, she's trying to spend every last dime on herself before she goes.

"My goal is when they carry me away in that box that my bank account is going to say zero," Willison said. "I'm going to spoil myself now."

Upending the conventional notion of parents carefully tending their financial estates to be passed down at the reading of their wills, many baby boomers say they instead plan to spend the money on themselves while they're alive.

In a survey of millionaire boomers by investment firm U.S. Trust, only 49% said it was important to leave money to their children when they die. The low rate was a big surprise for a company that for decades has advised wealthy people how to leave money to their heirs.

"We were like 'wow,'" said Keith Banks, U.S. Trust president.

Whether to leave an inheritance is a decision increasingly faced by many of the nation's 77 million baby boomers, and it's becoming all the more complicated by the troubled economy.

Boomers are caught between the desire to enjoy their long-awaited golden years and the pressure of various financial concerns, such as fear of outliving their savings and the need to help parents, children or siblings who have their own money struggles.

Many boomers, who range in age from roughly 47 to 65, simply believe that after years of hard work they can spend their money as they choose, experts say.

They spent their lives building businesses and careers, often at the expense of their health or personal relationships. And after years of footing the bill for their kids' pricey educations, they

see no reason to curb their spending impulses in their later years.

Besides, they figure, their kids will get something since nobody can synchronize their demise precisely to the emptying of their bank accounts.

"I do not see my baby boomer clients giving up a vacation or wine or dinners out so that they can leave more money to their children, because they feel like they've already done it for their kids," said Susan Colpitts, executive vice president of a wealth management firm in Norfolk, Va.

"They say, 'If there's something at the end I'd love [the kids] to have it, but what's important for me now is to get what I've earned, which is to travel and have a nice bottle of wine,'" Colpitts said.

Many boomers already are giving the equivalent of an inheritance, except they're doling out the cash while they're still alive, said Ken Dychtwald, chief executive of research firm Age Wave.

They're supporting elderly parents, adult children or other family members who are suffering professional or financial woes.

"How can you say no when a child asks ask for a down payment for a house or money to remodel their house to have a bedroom for a second child?" Dychtwald said. "A lot of boomers are finding that family members are taking cash advances on those inheritances right now."

Wealthy boomers are holding back on inheritances for other reasons.

Some worry that their kids will squander inheritance money or develop a sense of entitlement.

One-quarter of boomers worry that their children will become lazy and 1 in 5 fear that the kids will squander the money, according to the U.S. Trust survey. More than half the respondents haven't told their children how much they're worth.

This story can be found at <http://www.latimes.com/business/fi-la-boomer-inheritance-20110906,0,1467194.story>.