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MEETING THE CHALLENGE OF INHERITING MONEY

Inheriting money isn't easy. Many inheritors today have grown up in poor or modest income circumstances, only to suddenly receive a substantial inheritance from parents or relatives who become wealthy overnight from the sale of a company, successful investments or stock options. Even those who grew up with wealth and had time to prepare to receive the family fortune find that inheriting money isn't as easy as they may think.

There's plenty of money to inherit, say some. A 1993 estimate by two Cornell University professors puts the amount that will eventually be passed down to baby boomers by current retirees at \$10 trillion. Others claim that amount is exaggerated, that the retirees will need to spend most of it, while others put the number closer to \$40 trillion. Who knows.

Regardless, many people will inherit money, a sizable chunk. It may come as a surprise or be long expected. Either way, say Certified Financial Planner practitioners who advise clients about inheritances, many inheritors will face often unexpected challenges.

Part of the challenge is financial, of course. What do you do with \$100,000 or \$1 million or \$10 million? Buy high-flying stocks or real estate? Spend it? Give it away or lend it to friends and relatives?

The advice from most financial planners is similar to the advice when receiving any large sum of money: do nothing for a while. If the inheritance is in cash, put it into low-risk money markets or certificates of deposit, but don't make any major investment decisions immediately. That's not as easy as it sounds. A recent survey by Oppenheimer Funds found that 40 percent of baby boomers who have already received at least a \$50,000 inheritance made a financial decision in less than a week.

Inheriting a family business or the family farm will require more immediate attention, of course. It's not something you can stuff away and forget about for a while. You're more likely to have known about such an inheritance, though an unexpectedly early death may have put it into your hands sooner than you planned. The same advice applies as with other forms of wealth. Don't make any rash decisions. Take your time, think about what you really want to do with it, educate yourself on what it can and cannot reasonably do for you, and seek professional advice.

Whatever the form of the inheritance, take some time to focus on what you want to do with the money: invest it for retirement, buy a new home, make charitable donations, pay off certain debts. Clear objectives will help you manage the money better.

While the financial side requires patience, attention to detail and professional consultation, the emotional side of inheriting is often the more difficult and deeper rooted challenge. Frankly, it's not emotionally easy for many people to inherit.

For one thing, unless it is a gift made during the donor's lifetime, which many more donors are considering, inheritance comes upon someone's death, usually that of a loved one. The inheritance is thus associated with grief. This may be compounded by the fact that people don't like to talk about money, even among family members.

Guilt is another major emotional component of an inheritance, say financial planners and inheritance experts. In part, they may feel guilty because they've received money they never earned, and they also may feel uncomfortable with how the money was earned. Another common feeling is isolation. This is particularly common among people who did not grow up with wealth, and whose friends and family may not be wealthy. Inheritors often worry-sometimes with good reason-about friends or family badgering them for loans or gifts.

The emotional stress of inheriting has caused some inheritors to get rid of the money as quickly as possible, either by disclaiming the inheritance, giving it away or spending it. Others have been known to sit on their wealth and continue living their current, more modest lifestyle, sometimes for decades.

All these are good reasons for assessing your deepest money values. Talking with your financial planner or even a psychologist who specializes in money issues can help you get a better handle on your money values and your emotional attachments to money, and thus help you make better use of

Next



your new wealth.

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