

The Examiner

<http://www.theexaminernews.com/inheritance-of-baby-boomer-wealth-raising-concerns/>

*Examiner News, Armonk, NY
White Plains Examiner
Northern Westchester Examiner
Putnam Examiner*

Inheritance of Baby Boomer Wealth Raising Concerns

Examiner Media | May 10, 2016 |

By Kevin Peters

It could be something as simple as a mother's favorite hutch or a father's armoire, or as complicated as a sprawling estate in a prime location.

What I am talking about is the inevitable sticking point that will come when siblings gather to discuss dividing their parents' estates, an occurrence that soon will be growing exponentially. Sooner or later, despite everyone's stated best intentions, there may come a time when siblings disagree over who gets what or how assets should be divided.

Baby boomers are aging, and their descendants' interest in the wealth and belongings they have accumulated throughout their lives is steadily increasing. By some estimates, the next three decades could see a transfer of wealth in excess of \$30 trillion dollars from the Boomer generation to the next, more than double the amount transferred by the previous generation to its offspring.

And with all that wealth on the line, there may be disputes. Handling those disputes is just one element of preparation, in addition to ensuring baby boomers have sufficient income to last through their retirement years.

While it may be impossible to avoid all disagreements, there are some precautions that can be taken immediately to smooth the ground as much as possible. Start out with basic planning.

With some baby boomers already in retirement and many more on the way, it is imperative that those at or near retirement age have a good idea of the type of lifestyle they intend to live in retirement and how much income they will need to sustain that dream.

With most retirees planning on having at least some Social Security income as part of their overall package, it would help to know that many experts believe there will always be Social Security of some sort for the boomer generation. The amount that comes in every month may change in the future, but for us, there should be something as long as we live.

That same level of certainty can be applied to dividing our parents' assets. There should be something for everyone (at least in the majority of circumstances), and the first place to look for details outlining that basic premise is in a will. If there isn't one yet, there certainly should be, and it should be attended to before it is too late.

It also is helpful if the heirs all agree to the selection estate executor, someone who is fair and impartial and will honor the wishes of the deceased. Executors could be one of the heirs, a spouse or someone who has expertise in the handling of such matters, such as a financial professional or an attorney.

When both parents have passed away, the executor will have the authority to determine the value of the estate through appraisals of real property, and a listing of all bills that are owed, including taxes and other debts. The executor also can determine which items have been mentioned in the will as being designated for a particular heir and can see that the dictates of the will are followed.

In addition to any real property, there also could be insurance policies, stocks, bonds and other investments that will require attention. Among the questions to ask: Should such assets be liquidated and the funds dispersed among the heirs or should they continue to grow with dividends shared?

Another important consideration is whether heirs' spouses should be included in the discussions and eventual dissolution of parental assets. While there are some cases where including spouses could help, others believe that "no spouses" should be a hard, fast rule from the beginning. Thus, any decisions on how best to go forward with the estate's assets will be made only by those who have a direct family interest.

The best policy is to address the issues concerning inheritance early and often to avoid conflicts and disagreements that could result in the matter going to court instead of being solved amicably.

The trickle of baby boomers that now are involved in estate dissolution soon will be a flood, and it is in everyone's best interest to seek out solid advice sooner rather than later. After all, arguing over crystal and china or searching for missing pieces of mother's antique silverware set won't provide a pleasant holiday dinner for anyone.

On the other hand, seeing those items at joyous family gatherings can spark warm and loving memories for everyone.

Kevin Peters is a financial adviser with the Global Wealth Management Division of Morgan Stanley in Purchase. He can be reached at 914-225-6680.

The information contained in this column is not a solicitation to purchase or sell investments. Any information presented is general in nature and not intended to provide individually tailored investment advice. The strategies and/or investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Investing involves risks and there is always the potential of losing money when you invest. The views expressed herein are those of the author and may not necessarily reflect the

views of Morgan Stanley Wealth Management, or its affiliates. Morgan Stanley Smith Barney, LLC, member SIPC.