OLD NORTH STATE TRUST, LLC

# DO YOU REALLY WANT TO LEAVE A LARGE INHERITANCE?

Estate planning should be a serious exercise everyone with an accumulation of assets should undertake, and financial planning should be an on-going event no matter your age or status in life. For seniors, ensuring enough funds are available to fund their retirement years is paramount. But what about this school of financial planning thought: **Don't Die Rich!!!**

This "die broke" thought provoking idea is based on a desire that ***money is best used while you are around to see the benefits***. Years ago, inheritances were used to assist the next generation to make a living, hoping for their children a better life than they experienced. In today's world, most parents provide their children with the means to make a living through advanced education or other life experiences. After ensuring the offspring are adequately pursuing the American dream, the family wealth that remains normally consists largely of individually held stocks and bonds, retirement funds, real estate and other financial assets. Because of lengthening life spans, these parental assets often are not inherited by their children until the children themselves are getting close to retirement age.

So, by adhering to the "Don't Die Rich" theory of planning, how do you put your wealth to work? Consider the following:

1. **You come first-Enjoy yourself:** The first beneficiaries of your estate should be you. There is nothing wrong with enjoying your wealth in ways that your family can share. For example, take your grandchildren on a nice trip or cruise. Perhaps purchase a beach or mountain home that the whole family can use. Look for opportunities that interest your family and provide ways to connect with them.
2. **Begin spreading the wealth now:** Gifting or making even modest financial transfers to your family heirs now, while you are around to see the results, may prove more worthwhile than leaving them a large inheritance in the distance future. For example, assisting an heir with the purchase of their first car, or assisting with current education costs, or even starting a 529 educational fund would be in order. If larger funds are needed for education, starting a business, or purchasing a house for potential heirs, you may want to create an investment trust to meet your objectives. Your trusted financial advisor and estate planning attorney can explain any tax facts that you need to consider such as the annual gift exclusion rules. According to Federal tax law, you may gift annually up to $14,000 per individual with no estate or gift consequences. By the way, for 2016 an individual can leave $5.45

million to heirs and pay no estate tax. A married couple will be able to shield $10.9 million from estate tax. By gifting to heirs during your lifetime, you have the added benefit of seeing how they spend the funds!

3. **Consider charitable giving:** There are many benefits to making a major charitable gift. There can be significant tax benefits to you and of course, you will enjoy seeing all the good works that your money is providing the charity or charities of your choice. If you use a charitable remainder trust, you can place money or securities in an irrevocable trust for the charity of your choice while reserving life time income payments to you. When you die, the income payments stop and the remaining trust assets are delivered to your charity. There are also other trust related charitable giving programs. Again, you should consult your tax, financial planner, trust officer, or attorney for details.

Of course, the bottom line is that this “Don’t Die Rich” plan is not for everyone. But the underlining appeal of seeing the benefits of using your money while you are alive does have its merits. Think about it!