

The Great Wealth Transfer



Over the next two to three decades, as much as [\\$84.4 trillion from 45 million U.S. households](#) will be passed down from older Americans to younger generations, including \$15.8 trillion from the silent generation – the one preceding the Baby Boomers – while a whopping \$53 trillion will be transferred from baby boomer households. The balance is projected to go to charities.

Whether you are a member of one of the older generations that must plan to leave your financial legacy to your heirs, or a member of a younger generation that must plan to receive and manage an inheritance, the Great Wealth Transfer will impact millions of Americans one way or another.

Tips for Givers

1. **Create your will and keep it current.** When Aretha Franklin passed away in 2018, settling her estate was complicated by the fact that she did not have a written will. While your estate may not be as large or complex as a superstar, it is just as important to formalize your wishes in the form of a will. When you pass away, your estate will ideally transfer to the people and organizations you have selected. However, many people are not prepared for this inevitability. [One Gallup report estimated that only 46% of Americans have a will.](#)

The purpose of your will is to guide the distribution of your assets and prevent unnecessary chaos among your heirs. Whether or not you prepare for this inevitability through proper estate planning will decide how much money goes to lawyers and courts and how much will go to your family and friends. [If an individual has no estate plan, anywhere from 3%-8% of the estate's value is lost to unnecessary probate costs and legal fees.](#)

2. **Have a family meeting.** If your kids are your heirs, have you had conversations with them about your estate plans and how they should manage the money once it's been moved from you to them? If not, you're not alone. [Only 35% of people have talked about an inheritance with their kids.](#)

If you're unsure how to have such a conversation, contact your financial professional and ask them to facilitate the discussion with your beneficiaries. This meeting is an opportunity for an earnest talk about money, investments, and end-of-life plans while you are still alive and able to communicate your wishes. The meeting is also an opportunity for your heirs to meet your trusted advisor and develop a working relationship with them so that when the time comes, they will not be meeting a stranger for the first time.

3. **Inventory your assets and liabilities.** Spare your beneficiaries the burden of trying to track down all your financial accounts and create a list of them with enough specifics to make it easier to claim. Your list should include assets such as bank and brokerage accounts, retirement accounts, life insurance policies, and other policies. On the other side, include your list of debts such as auto loans, mortgages, home equity lines of credit (HELOCs), etc. For both assets and debts, include institution names, account numbers, and the location of where agreements and statements are filed.
4. **Simplify your accounts.** If you've ever been an administrator of an estate, you would appreciate any effort to simplify the quantity of the benefactor's accounts. If you have changed jobs over the years, you may have multiple retirement accounts still open with past employers. You could combine these accounts into a single IRA, not only to make things simpler for your heirs but also to provide you with a better picture of your overall financial situation and make it easier to manage your account.

Tips for Receivers

1. **Leverage an inherited IRA.** An inherited IRA, also known as a beneficiary IRA, is an account that is opened for someone who inherits another person's IRA or employer-sponsored retirement plan after the original account owner dies. Anyone can inherit an IRA, but a beneficiary can't contribute more money to it. If you are the spouse of the account owner who has passed, you can simply re-register their IRA in your name and continue distributions based on your life expectancy.

A non-spousal beneficiary can also continue receiving monthly benefits as long as the account is depleted by the end of the 10th year following the year of the original account holder's death. There are added rules for beneficiaries of inherited IRAs depending on whether you are a spousal beneficiary or a non-spousal beneficiary. You should consult with your financial professional on the available options for both spousal and non-spousal beneficiaries.

2. **Understand the will.** Review the will carefully with your attorney to grasp the deceased's intentions. Consult with a probate attorney for clarification on legal aspects and potential challenges. Stay in touch with the executor for updates and to address any questions about the will.
3. **Evaluate tax implications.** When you're about to receive an inheritance, you'll want to be aware of potential estate taxes that may apply and understand the thresholds and exemptions. Depending on where you live, there may also be inheritance taxes imposed and you and your attorney will need to determine any obligations as a beneficiary. Also, you will want to be mindful of potential income tax implications for inherited assets, such as property and investments.

Always seek professional advice tailored to your specific situation.

Talk to your financial professional to learn more or contact us at [800.888.2461](tel:800.888.2461).

Additional Topics



Specialized Estate Planning

An estate plan is especially important if you want to provide ongoing financial support to a special needs loved one. Learn how Special Needs Trusts, Pooled Trusts, and ABLE Accounts may be used so your loved one can have a rich quality of life.

[Planning for Your Special Needs Loved One](#)



Are You Social Security Savvy?

Do you know enough about how Social Security works so that you and your financial advisor can create a plan to help ensure you'll have enough income after you leave the workforce?

[Learn to Make the Most of Social Security](#)

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SB-10048-69 | 2024-04-23