



# A 'Spoon' Full of Inheritance?



By Joshua D. Turpin

If you are anything like me, you were not blessed with a shiny silver spoon in your mouth. In fact, mine was a rather tarnished copper and very bitter to taste. Like the

majority, if I am lucky, I will be left with a few family heirlooms at best. A recent AARP study, *In Their Dreams: What Will Boomers Inherit?* (2006), found that only about one-fifth of households have ever even received inheritances and only about 15 % still expect to receive one. Even more interesting was amount received. The study revealed the median value of those inheritances was (*drum roll please*) a whopping \$64,000! A fair amount of money considering it is a windfall, but not enough for most retirees to throw caution to the wind and start living "the good life".

## Born with a silver spoon?

Congratulations! You are one of the few and fortunate. Let's say you have received a nice size inheritance, say \$250,000. Still not enough to fully rely on, but it's a nice supplement if invested properly (and more than the average person). Assuming this scenario, what are some decisions you can make to generate the maximum possible benefit on this inheritance? Here are some things to consider:

- ✦ Plan. Meet with a professional and think about what is the best for you.
- ✦ Take time. Don't make rash decisions. Park the money somewhere until you have time to sort things out and meet with a professional.
- ✦ Consider paying down debt. This can have a more positive effect on your overall financial position.
- ✦ Don't do something you will regret. It would be nice to cash in, buy a motor home and travel the U.S., but exactly how far would you get with today's fuel prices?

## Have a copper spoon?

Okay, now for the rest of us. You find out that your folks are like the majority of other Americans. They enjoyed life, saved enough for a comfortable retirement, had some debt, and enjoyed the golden years. There was a little left over, much of which was eaten up by estate taxes. When it was all said and done, you had enough to take the family out for a few nice dinners.

Your parents did exactly what they were supposed to do. They worked their entire lives and saved up enough money for their retirement...not yours! Shucks! Now what? Well, let's hope you did at least what they did. Here comes the ultimate question: How can you pass on the legacy to your kids that your parents did not? Here is the answer: **Plan.**

Having worked with hundreds of pre-retirement aged workers, I see that few of them really begin seriously thinking about retirement and its impact until it is almost too late. I hate to be the one to break it to you, but if you only have fifty-thousand dollars in retirement at age 45, you better get moving! According to the AARP's retirement calculator, if you fit the above scenario, you will need an additional \$450,000 saved up if you plan on retiring at age 62, a feat not feasible by most standards. Passing on a legacy would be near impossible, unless you planned.

Most financial consultants will agree that the most cost effective way to leave a fully funded legacy is by using a life insurance contract. Not only does life insurance avoid probate and estate taxes, but it is also the most affordable way to

pass on large amounts of money to your heirs.

*Here is an example: At the age of 45 a healthy male could purchase a half-million dollar term life insurance policy that would cover him for 30 years for around \$40 per month. If he were to take that same \$40 and invest it at an average return of 10%, it would provide only a little over ninety thousand dollars over the same 30 years. Where is that \$40 best spent if your goal is to transfer wealth to your heirs?*

Planning ahead is the obvious key to success regardless of where you sit socially. Flying by the seat of your pants is no way to navigate your and your family's future.

Joshua Turpin is a financial consultant with Citywide, a financial services firm based out of Kansas City, specializing in an array of senior products. He writes and speaks throughout the Midwest on topics such as retirement planning, reverse mortgages, and overall financial health. He can be reached at 888-491-6847

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