



The Ageless Millionaire

The E-Zine of the Longevity Club

Legacy or Lunacy

What are We Leaving Our Children?

By Adriane Berg

There I was, waiting in line to be number fifty three for take off, languidly riffling through the pages of the current in flight magazine. What a surprise to find an article about trusts and estates among the pretty pictures of Crete and the latest restaurant in Paris. But, this article took no ordinary slant on will making. It was about making a “Values Will”, leaving a legacy of heartfelt advice on ethics, and what really matters in life. In other words, a mission statement or credo ostensibly left to influence the decisions and direction of one’s heirs.

Oh the good old days when estate lawyers like me could just save our clients taxes or avoid messy conflicts. That was fine until the baby boomers, 78 million of us, began to realize that one day we would not live forever, even though we may have learned how to fly. The same generation that created the eight-dollar arugula salad now wants to pepper the future with its ode to right living. Moreover, we want to pontificate to our children and grand children on the difference between right and wrong, or as we put it, our value system.

True to form, just having a verbal discussion about values around the dinner table would be too simple. In reading about the “Values Will” it occurred to me that we probably should have conveyed our values by example during our children’s formative years, instead of waiting to videotape our

philosophy just a few moments before we are about to hit the hay for the long sleep. Nevertheless, let’s give ourselves credit. We are trying to finish what we started. Equality, philanthropy, teaching harmony, and, of course, that all you need are love.

There’s nothing wrong with that, unless it takes the place of the type of estate planning that might actually result in making a difference to our family, and the world in some very real ways. Let’s take a look at some terrific opportunities that we, the richest and most educated generation in history, have in leaving a legacy, and what might distinguish our legal documents and planning from all that has ever come before us.

Our longevity does make our estate planning different. So we could use a New Think when it comes to leaving our legacy.

New Think #1-Our kids will be pretty old by the time they inherit. Even our grand kids will be no spring chickens.

I am 58 years old. My son Arthur is 25. My daughter Rose is 15. If I had Arthur at 25, an average age for the boomer generation, he would already be 35, and I just starting out in my second act in life. If I keep taking those vitamin e pills, and get to the gym, I have an actuarial age of 82, and an acceptable chance of hitting 95. That makes Arthur, 62 when he inherits, Rose 47, and the average

earlier born Gen Xer age 72. Seems a little long to withhold teaching values.

But, having older inheritors (one half of all people age 60 still have living parents) means that we know them pretty well. We can distribute our funds in a way that makes sense if we intend to impact the world. We know which child, if any, can handle charitable giving, which needs a trust fund to protect them from themselves, which grand child or great grand child needs the college education paid for, and which a lump sum to start or grow a business.

Wow, longevity has taken the guesswork out of legacy.

New Think #2-We may outlive our wealth, if we are not planning for longevity.

When I created my virtual club, www.longevityclubonline.com, I thought that the greatest benefit that members would derive was group insurance discounts on the cost of long term care insurance. But, no. The most excitement was generated by the offer of trip to Bhutan.

Let's face it, and applaud it. Boomers have a thirst for life that is blooming as we age. And thirsts cost money to quench. As we spend as much or more in retirement, and as the typical couple will shell out \$220,000 in unreimbursed health care costs (AARP study 2007) we may have no legacy to leave.

Fortunately, it doesn't have to be us vs. them. It is critical that we first preserve our independence and purchase long term care insurance while we can. New products that meld annuities with long term care coverage are on the market for those of us that are uninsurable or want to amass wealth and still have long term care protection.. It pays to look forward to the future, because we will have lots of ways to make up for the deficits of aging, and live our best life. From toilets like the new Jacuzzi designer walk-in tub, or the Toto Washlet, that allows us to keep our dignity even if we are incapacitated, to oxygen tanks small enough to carry to the opera in our purse, Boomers can live independently at home, even if we need high levels of care.

Protect yourself and your future from the drain of dependency. I call that a family value.

New Think #3-We can buy a legacy even if we failed to build one.

Sure we all know that we could have been the multimillionaires next door if we had started at age 25 and socked away only two thousand dollars a year in our IRA. But, we didn't. So, let's get over it. Insurance products can bring us into the legacy game, right here and right now. For example, a healthy husband and wife age 58 can buy a joint and survivor policy (no one inherits until they are both gone) for about \$ a year premium.

For those, like Malcolm Forbes, who believe in creating an instant legacy, longevity has brought down insurance rates about 8 times since I started to study the field in the 70's.

New Think #4 Our IRAs, 401ks, and homes is where the money is.

Where have all the pensions gone? Gone, every one. Today the most fascinating game in town is the real estate IRA, or any independent self directed IRA. These allow you to invest in dozens of unique holdings, from high paying notes to rental real estate, to gold in bullion or in currencies. I disclose that I am a proud marketer for Entrust Group, www.entrustcama.com. But, I have been writing about independent IRAs, especially ones that hold real estate and are created as after tax ROTH IRAs, for years; long before I met up with Entrust. If your advisor does not know of self directed IRAs, e-mail adrianeberg@msn.com and I will send you material.

New Think # 5 Retirement vehicles may be great for your money, but can be a nightmare for your heirs, if you drop the ball on keeping your designation of beneficiary forms straight. Most forms, whether a self directed IRA or an employee plan, give you a small space to write in the names of heirs and their successors. Lose the forms, misplace them, fail to clue in your heirs that they have been named, and you are creating lunacy not legacy. If you want to start a family war, just be vague on how you designate beneficiaries.

New Think # 6-You are probably living in your bank.

Home equity is probably a mighty chunk of your wealth, and the legacy that you plan to leave. But, longevity costs money, and if you can't live well during the "longevity wealth gap," which starts at around age 86, you may need to tap that equity.

Many people are doing so years earlier, by taking reverse mortgages against their homes. These mortgages are used to supplement income, pay for long-term care, and even buy other property. But, in any case, they are paid back at death from the proceeds of the sale of the home.

If you decide on taking a reverse mortgage, the law requires that you are given an independent consultation so you understand this type of encumbrance. Further, you can choose to take a loan, but still leave a percentage of the value of the home to your heirs. The reverse mortgage need not be taken up to its maximum.

So, I know what you're thinking:

All this financial responsibility is all very well and good. But, you may be thinking, I still want to learn about those new fangled value will. Here goes:

Value wills are most often called "ethical wills." If you visit www.ethicalwill.com you will see that they are actually a type of spiritual journaling, recommended to be written at different seminal times in your life, when such things that may never happen again. Things that really move you and prove the catalyst for an entry; for example, when your children were born, you moved your home, or your uncle Marvin picked up a check. How did you feel? What did you learn? What can you teach?

If these are tough questions, you might want to turn to some of the inevitable how to books, cropping up. Check out. "The Ethical Will Writing Guide" by Barry K Baines, "Women's Lives, Women's Legacy: Passing Your Beliefs to Future Generations" Rachel Freed, "So That Your Values Live On" Jack Reiner. All are available on www.amazon.com.

On passing of a loved one:

As I write this article, I receive an urgent e-mail. The mother of one of my clients has just passed away. The clients are two sisters that have been struggling with Mom's illness, the bills, the cleaning out of the apartment, the moving Mom from Florida to New Jersey, the feeling of loss they already experience and the coming loss they anticipate. Above all, they have been struggling with the pain of their mother's pain and the decisions as to whether to keep her alive.

They have had a year while Mom went in and out

of remission. Now, that Mom is gone they have unanswered questions. Would it have been of value to let Mom tell her story-her "HERSTORY" if you will? I think it would have. This May, my Mom turns 90. I have already started a book in which I ask her for her values, her history and any thoughts she wants to pass down to my children. I see how critical her legacy is to me, and how we will value her lunacies and her legacies to us.

I brought my daughter (the 15 year old director) into the act so she could videotape my mother as she answered questions. I will cherish her ethical will (although she certainly would never see herself as a matriarch, and never understand her profound influence on generations to come.)

My ethical will:

This also motivates me to jot down my thoughts and make, I guess, what may technically be an ethical will. Here's what has worked for me. Always go places, no matter what; it always pays to go. Always pay your debts. Do what you love (even though the money won't follow.) Be like Dr. Zeus's Horton, "Say what you mean and mean what you say. Be loyal 100%." And when life gives you a chance, you might as well dance.

It didn't take very long, but that's the legacy. Proponents say that ethical wills are mentioned in all bibles. And perhaps they are a jewel above rubies.

