

Philanthropy in Retirement and Estate Planning



as possible "down the line" to loved ones.

Today...

However, within the past 10-15 years that thinking has begun to change. Today, as a result of tremendous prosperity during the past 15-20 years, many retired Americans are

actually concerned about their children receiving too much of an inheritance too soon. Many people are now saying, "The kids are as well off as we were until just 10 years ago...and the grandchildren are studying to be chemists, engineers, and doctors...do we really just want to lavish large lump sums of money on these people when we pass away?" Increasingly the answer is no!

Warren Buffett, a contemporary person of enormous fortune, was once asked what the right amount to leave one's children was. Buffett retorted, "A few hundred thousand ought to do it." And he sticks to his word. He never gives his own children more than the gift exclusion amount every Christmas. To quote Buffett: "The DuPonts might believe themselves perceptive in observing the debilitating effects of food stamps for the poor, but were themselves living off a boundless supply of privately funded food stamps...the idea that you get a lifetime of food stamps based on coming out of the right womb strikes at my idea of fairness." Buffett argues that if talent can't be passed down to later generations, neither should money. Mr. Buffett explained that if he were the quarterback of the championship football team, it wouldn't be fair of him to pass down the job to a son or

daughter, and that he felt the same about his money.

In a *Fortune* magazine article written some time ago, Alabama-born Richard I. Kirkland, Jr. did research and found that "the issue of inheritance builds a conflict in parents. They have an emotional desire to give to children, but fear that too much money can be damaging." As wealth spreads, more and more Americans are vexed by a question put by one self-made millionaire; "How . . . do we keep our money from destroying our kids?" You don't have to be rich to be worried about it; members of the middle class are rapidly building large estates. Kirkland interviewed several dozen millionaires to compile a rare inside account of the estate planning of some of the country's wealthiest people. He also spoke with psychiatrists, estate experts, and other professionals. "While most Americans tend to leave significant inheritances to their children, they really want them to make it on their own. As one parent told me, "I want to give my kid an advantage, but not every advantage."

Finally, in the book, *The Millionaire Next Door*, researchers Thomas Stanley and William Danko conclude that lifetime and testamentary family gifts are both a disincentive to work as well as a disincentive to save. Their findings show that the more dollars adult children receive, the fewer they accumulate; while those who are given fewer dollars accumulate more. Furthermore, they find that the giving of such gifts...is the single most significant factor that explains the lack of productivity among the adult children of the affluent. Their advice: teach your children to achieve, not just to consume.

By K. Gene Christian

Much has been written and said about the giving tendencies of wealthier Americans. Whether you hold the belief that they don't give enough, or that they are quite generous, there is one point that we should all agree on. Wealthier Americans should know more about their giving options in overall retirement and estate planning.

As the nation ages rapidly and wealth continues to grow, more people than ever will be pondering questions such as:

- How can I increase cash flow as I go into my retirement years?
- How much is enough of an inheritance for my children?
- Should we protect and control the way in which they receive their inheritance?

In The Past...

Since the Great Depression, many older American's have considered estate planning as a way to push money down to succeeding generations in order to make their lives better than the generation before. After all, many retirees have said, "We want to create a better life for our family than we had for ourselves." So, for nearly 50 years the objective in planning has been to minimize taxation while getting as much money

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Philanthropy, Continued from page 30 Tomorrow...

In the final analysis, much of the work accountants will do in the coming 20 years will be focused on an aging generation of wealthier clients. As you help them with issues related to retirement and estate planning, will you be ready to discuss how the more sophisticated charitable planning techniques might help them solve tax and/or family dynamic issues—while simultaneously helping the charitable community around them become financially stronger?

Conclusion

Your OSCP Educational Foundation has people, and resource material, that can help as you provide this critical planning service to your clients. The playing field—and thinking—of those who are doing retirement and estate planning has certainly begun to change. Is your accounting practice ready to provide advanced charitable retirement and estate planning services right along with it?

For More Information: If you are interested in learning more about the OSCP Educational Foundation Planned Giving Program, please contact us at 503-641-7200 / 1-800-255-1470 ext. 25 or 27 and a representative will be happy to assist you. ☒

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