

INHERITANCES: OH, WHAT TO DO?

Of all the issues that affluent parents face in planning, none consumes more time and emotional energy than that of inheritances—and for good reason. There is no area of planning that could be more devastating to a family than an ill-conceived or ill-timed inheritance. Over the past several decades, I have had the opportunity to review hundreds of estate plans. In all those years, I have yet to see an inheritance plan with which parents were entirely satisfied when the actual distributions were clearly outlined for them.

In one case, the parents said they wanted their children to receive only a lifetime income stream because they were opposed to giving lump sum inheritances. Their attorney drafted the documents so the children would receive an income stream for life. Since no directive was discussed for what to do with these income-producing trusts after the children died, the attorney designed the trusts so the grandchildren (some of whom were not even born yet) would get an outright distribution of the trust assets when the children died. The grandchildren were going to become instant millionaires. The parents were horrified when they saw their stewardship plan actually mapped out.

When another set of parents saw exactly what their children were going to inherit, they were so shocked and concerned that they immediately called their attorney and changed their wills before leaving on an extended vacation. When yet another couple saw the excessive amount their current plan was going to provide for their children, the father jumped up from his chair, ran to the screen where the presentation was being projected, pointed to the box on the flowchart showing the amount going to the children, and cried out, “Look at what they are going to get! I cannot believe it. Look at that! We’ve got to do something about that.”

How does this kind of thing happen? I would suggest that all of these families had very good legal and accounting professionals who attempted to serve them well. However, if clear directives from the parents are not provided, legal documents typically end up with standard, one-size-fits-all inheritance language that is anything but carefully and strategically designed for the family’s unique situation.

Below are seven exceedingly complex issues that make inheritance planning the single most challenging aspect of the overall planning process for families. As you will see, any one of these conundrums makes planning difficult, but when multiple challenges exist, the problems and the dangers can feel almost overwhelming. One mistake or error in judgment could destroy the very people you love the most.

#1: The “Unready” Conundrum

Our children are not wise enough or mature enough to handle the inheritance we want them to have.

#2: The “Equal vs. Fair” Conundrum

We love our kids equally, so we want to treat them the same. But some of our children really need more than others.

#3: The “Black Sheep” Conundrum

We have one child who is not living a lifestyle of which we approve. This significantly affects how we are able to plan for our “good” children.

#4: The “Family Dysfunction” Conundrum

Our children are extremely different and do not get along well. If we simply divide all our assets equally among them, serious family conflict will be inevitable.

#5: The In-Laws/Out-Laws Conundrum

Should we treat our in-laws the same as we do our own children? If they split up, we wouldn’t want our children to lose half their inheritance to a divorce.

#6: The “Good Steward” Conundrum

We have tried to be good stewards, but we are not sure that all our heirs will be good stewards of the Lord’s resources that we would like them to manage for the Lord going forward.

#7: The “Generation Skipping” Conundrum

We would like to leave our grandchildren an inheritance, but we do not want to override the influence and control of their parents by giving an inheritance directly to them.

As you can see, these are all exceptionally complex issues with no quick fixes or one-size-fits-all solutions. The good news is that every one of these conundrums can be successfully addressed and overcome. However, to do so requires a commitment of time, prayer, and a number of very pointed, heart-to-heart conversations to enable you to devise a well-thought-out, strategic inheritance plan that will actually honor the Lord and bless your heirs.

Most families spend far more time preparing the legal documents for their children’s inheritance than they do actually preparing their children for their inheritance. If you want a successful inheritance plan, what you do around the kitchen table with your family is far more important than what you do around the conference table with your attorney.

Ecclesiastes 7:11-12a (NASB) says, *Wisdom along with an inheritance is good and an advantage to those who see the sun. For wisdom is protection just as money is protection.* If you are going to give your children an inheritance, be sure to give them the wisdom to know what to do with it—or don’t give them one at all. If you give them wisdom, you may not even need to give them an inheritance. They should be able to figure it out themselves, just like you did.

I have adapted the Maturity Marker work created by Mitchell Baris, Carla Garrity, and Carol and John Warnick into four biblically-based Maturity Markers to help parents more objectively assess the preparedness of their heirs to successfully steward their proposed inheritances.

Unfortunately, parents typically address their inheritance dilemmas by executing legal documents that attempt to protect their ill-prepared heirs from harming themselves with their coming inheritance. With these four Maturity Markers, however, parents are able to address and work to correct the problem areas in their heirs’ lives before they ever receive their inheritance.

Spiritual Maturity Marker #1: An Heir's Relationship with God

Signs for this Spiritual Maturity Marker would include an heir who is:

- (1) Growing as a personal follower of Jesus;
- (2) Developing godly character; and
- (3) Ministering to others.

Emotional Maturity Marker #2: An Heir's Relationship with Himself

Signs for this Emotional Maturity Marker would include an heir who is:

- (1) Taking responsibility for his/her actions and proactively seeking to correct his/her mistakes and sins;
- (2) Controlling his/her anger, frustration, disappointment, and stress appropriately; and
- (3) Avoiding chronic problematic and self-destructive behavior.

Relational Maturity Marker #3: An Heir's Relationship with Others

Signs for this Relational Maturity Marker would include an heir who is:

- (1) Developing and maintaining healthy and meaningful long-term relationships with friends and family;
- (2) Treating other people with respect and dignity; and
- (3) Making personal sacrifices for the benefit of others.

Financial Maturity Marker #4: An Heir's Relationship with Money

Signs for this Financial Maturity Marker would include an heir who is:

- (1) Living financially independent of parents;
- (2) Exercising self-control in spending and consumption; and
- (3) Engaging in enthusiastic and generous giving.

These Maturity Markers should better equip you to have real, meaningful dialogue with your children. They can enable you to establish measurable and attainable standards by which to make more objective inheritance decisions, instead of having those decisions driven primarily by emotion and guilt. Designing a thoughtful, loving, and effective inheritance plan for your family is neither simple nor easy, but it will undoubtedly be time very well spent for you and your family.

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E. G. "Jay" Link has a unique combination of being an ordained minister with a Master Divinity degree in Biblical Theology and a professional Stewardship planning coach who for over 40 years has been working with very affluent Christian families to enable them to optimize their Kingdom impact with all that the Lord has entrusted to them to manage. After retiring from his personal practice, he then served for five years as Director of Taylor University's Stewardship Planning Ministry, which he launched for them. Most recently, Jay founded the Stewardship Resource Group to serve Christian ministries, colleges, and churches to better minister to their highest capacity families. He has written six books, hundreds of articles and has provided extensive training curriculum for hundreds of professional financial and legal advisors in how to provide stewardship planning services for their clients.