

## Where There's a Will, There's a Fray

By Kimberly L. Allers

**Boomers, don't count on a gift from Mom and Dad. Your parents may opt for performance-based inheritance.**

My grandmother, Mary Jane Billy, was hardly what you would call ahead of her time. In 1979 she bought a brand-new powder-blue Buick LeSabre with vinyl seats and whitewall tires and drove it, quite proudly, into the 1990s. She didn't trust modern contraptions like washing machines either, so she'd roll up her sleeves and dig right in as the machine agitated, scrubbing her clothes by hand to the rhythm of the Kenmore motor.

But several years ago, before Alzheimer's silenced her memories and cancer stole her breath, she did something that put her among a growing cadre of aging parents who are redefining how they view, value, and distribute their inheritances. Mary Jane, headstrong as she was, decided not to disperse her assets equally among her four children. She chose to leave more to one child in particular—the one who took her to the bank every Friday, balanced her checkbook, and escorted her to doctor's appointments—my mother.

My grandmother didn't explain why she had favored one child in her will. The very idea of it flies in the face of a basic tenet of parenting, namely that parents love and treat their children equally. Or so we thought. Recently the Allianz American Legacies Study, a groundbreaking look at attitudes toward inheritance, showed that 54% of elders believe in some form of "performance-based inheritance." In other words, they think a child deserves more if, for instance, he or she provides care for the parent. And one-third think children deserve less if they cause conflict or disrespect the family. In fact, 45% of high-net-worth and 23% of lower-net-worth elders do not feel that all children have the right to share equally in their inheritance, according to the survey.

"Inheritance used to be a formula: The oldest son got the farm, and the oldest daughter got a dowry," says Ken Dychtwald, a gerontologist and CEO of Age Wave, a consulting firm in San Francisco that designed the Allianz study. "In the 20th century we moved to a more equal distribution as the accepted norm," he says. "Now there is no clear prescription." Estate planners say clauses stipulating that a child be a productive member of society are popping up more and more. Don Weigandt, a wealth advisor at J.P. Morgan Private Bank, calls them "incentive" provisions. Another increasingly popular clause is one that leaves a child an annual "match" equal to what he or she earns in employment—but not a penny more. "It's the make-a-dollar-get-a-dollar model," says Weigandt.

"I don't believe in equality," says Jayne Buchanan, 72, a retired nurse and mother of two daughters, who lives in Canandaigua, N.Y. "I treat my children as individuals, not equals." Although she plans to split her assets between the two, she will distribute some prized personal items as she sees fit, not based on their actual monetary value. Parents who earned rather than inherited their wealth are more likely to adopt an I-earned-it-now-you-earn-it-too approach that bucks the sense of entitlement many children have, says Scott Farber, a wealth-management advisor in Natick, Mass. And that's exactly the kind of thinking that is shaking up family dynamics: Suck-ups who thought they were a shoo-in for a piece of the inheritance pie now find themselves forced into another round of campaigning.

Attitudes are changing just as we're poised for what researchers say will be the biggest wealth transfer in the nation's history: somewhere between \$41 trillion and \$136 trillion over the next four decades, according to estimates by two economists at the Center on Wealth and Philanthropy at Boston College. That has financial planners gearing up for an onslaught of inquiries from boomers who had hoped for an infusion from Mom and Dad for the retirement kitty, but who now may need to reframe their expectations. "We're seeing a lot of disappointment among our clients," says Marjorie Fox, a Falls Church, Va., financial advisor. "They're realizing they will either have to work longer or change their lifestyle." And shrinks are buffing up the leather couches in anticipation of all those clients who will need to work through their entitlement issues. "A high sense of entitlement is one of the defining characteristics of the baby-boomer generation, and it influences our beliefs about what we deserve," says Steven Hendlin, Ph.D., a clinical psychologist in Newport Beach, Calif. Some attorneys are being driven to bizarre lengths—like writing a song. Les Kotzer, an estate lawyer in Toronto, recently released a CD to encourage families to talk about this dicey new world of inheritance. (One jaunty little number is titled "The Family Fight Song.")

The battle over the boomers' inheritance is going to be a doozy, because it concerns two bedrock principles that can't be reconciled. On the one hand is meritocracy: It's how we get ahead at school, land a solid job, and get promoted. But for some reason, that thinking has rarely applied to wealth transfer—until now. "We accept meritocracy on the football team or at work, but somehow we've held inheritance in a loftier, altruistic zone where such ideas should not enter," says Dychtwald.

On the other hand is equality—our Founding Fathers were pretty big on that one. "There's a strong culture of equality that's deeply embedded in the American character," says Paul Schervish, director of the Center on Wealth and Philanthropy at Boston College. The problem, Schervish says, is how merit and equality can coexist when it comes to inheritance.

Marty Carter, a communication consultant in Jefferson, Maine, recently encountered a family facing that conundrum. The case involves two siblings. One is a successful doctor who worked his way through medical school, and the other is affectionately known as the family slouch. The parents decide to give the doctor less money because he doesn't really need it, and more to the other child, whose financial future looks shaky. Is it fair to in effect punish the doctor for being successful while rewarding the other for having little ambition? On the other hand, would it be fair to give them both equal shares when one has a greater need? "Parents are trying to reach Solomon-like decisions in their giving," says Dychtwald.

An 80-year-old dad from Orville, Calif., is still torn about the inheritance he is leaving his three sons. The youngest, by the father's candid description, "fritters his life away, drinking it up, getting involved with strange women," and living in a one-room apartment. This parent gave serious thought to decreasing that son's share. "I talked myself out of it. He's still my son, and that wouldn't be fair. I just hope he sees the error of his ways," he says.

It's easy to understand why parents feel so conflicted: Children are apt to take a parent's will as a final report card. "It goes deeper than money; it goes to love," says Jed Albert, a partner with Farrell Fritz, a wealth-management law firm in Uniondale, N.Y. "One child feels loved less, and it destroys relationships." Doug Neal, a principal in Neal Financial Group in Houston, recalls his resentment after his maternal grandmother gave 40 acres of prime farmland in Minnesota to a distant cousin, while he, a direct successor, was left with a souvenir pillow from South Dakota. "Needless to say, I don't have a need to visit those people anymore," he says.

Like Neal, most children have an expectation of some inheritance. And therein lies the real problem, according to Hendlin, author of *Overcoming the Inheritance Taboo*. "We view inheritance as a birthright, because we're taught that love means giving," he explains. That's why inheritance will always be a hot-button issue, because it's highly emotional. "Logic goes out the window," says Farber. Hendlin argues in his book that the sign of a healthy and mature adult is the ability to give up any expectation of inheritance of any kind. Children across the nation could be liberated forever from psychological suffering, he says, if they would just let go of the infantile wish to be taken care of forever by parents.