

Filling in the Legacy Gap

HOW **BOOMERS** ARE THINKING DIFFERENTLY ABOUT WHAT THEY LEAVE THEIR HEIRS



Over the past decade, much has been written about the enormous transfer of wealth that is taking place as baby boomers' parents (elders) pass accumulated assets down to the generation coming behind them. Estimates vary widely on the amount that could be bequeathed. Depending on the source, the amount for intergenerational transfer ranges from \$25 trillion to a whopping \$136 trillion, although \$41 trillion is the figure most commonly cited.¹

While this number is staggering, social scientists and researchers have also discovered something quite interesting as they have asked boomers, those aged 48 to 68, what they think about estate and end-of-life planning.

IT'S ABOUT MORE THAN JUST MONEY

For boomers, leaving financial resources is important, but it is not the full measure of what they want to pass on to their children. In a landmark study sponsored by Allianz Insurance, Dr. Ken Dychtwald, president of Age Wave,² reported that boomers are interested in providing more than an inheritance, which they view as only financial. Boomers want to leave a legacy that has not only financial but also important emotional elements.

WHAT IS A LEGACY?

The difference between an inheritance and a legacy is clear and distinct. According to the research, there are four key elements that are included as part of a legacy:³

- Financial assets and real estate
- Personal possessions of emotional value
- Values and life lessons
- Instructions and wishes to be fulfilled

VALUES, NOT JUST VALUABLES

None of the elements included as part of a legacy are that surprising, but what is interesting is that eight out of nine boomers indicated a desire to preserve their parents' memories more than receive a financial gain. Furthermore, when it comes time for them to distribute their assets, they have a strong desire to provide their heirs with more than just bank accounts and property. According to Dychtwald:

“Many people wrongly assume the most important issue among families is money and wealth transfer – it’s not. This national survey found that for the overwhelming majority, legacy transfer has to do with deeper, more emotional issues. An inheritance focuses primarily on the money, but a true legacy also includes memories, lessons and values you teach to your children over a lifetime.”⁴

WHAT IS THE LEGACY GAP?

The chasm between the desire to pass on a legacy and the actual act of doing so was identified in the Allianz study as the “Legacy Gap.” In other words, boomers are highly motivated to leave more than just money but are struggling to find a way to do that successfully. There is also a “gap” between what they want to do and accomplishing their goal, because there was no obvious solution regarding a means to that end. As a result, a new services industry is emerging to meet the growing demand of those who want to leave a legacy. From not-for-profits (www.storycorps.org) to local businesses that focus on one format, such as video, (www.personalmemoirfilms.com) to national brands (www.legacykeepers.com) offering multiple formats, including memoir books, and audio and video recordings, these new service providers are cropping up to help people capture their life stories.



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These organizations “fill the gap” by creating a keepsake that can be shared both now and in the future. Their process usually involves an in-person or over-the-phone interview with some predetermined questions. If appropriate, images are also gathered, and those materials are used to create a book. Other options include a video interview, which is edited and then burned to a DVD, or an audio interview, which is turned into an audio CD set.

This new service industry has also helped create a new career field called “personal historian.” In this role, a personal historian works with an individual, couple or family to compile the information needed to create a legacy book, video or audio CD. In some cases, they will actually subcontract out services to help create the keepsakes themselves.

PLANNING FOR THE LAST SEASON OF LIFE WILL NEVER BE THE SAME

End-of-life planning has always been necessary, but the desire of boomers to leave a legacy will have some profound implications on the future of estate planning.

1. Leaving a legacy keepsake will become as common as having a will. As boomers strive to fill the Legacy Gap and leave more than just finances, their wishes will include leaving some type of keepsake for future generations to enjoy. Whether it is a book or video, it will be a professionally created keepsake that can be preserved and passed on for generations.

2. There will be an increase in the number of personal historians and ways for people to preserve their legacies. Boomers are going to need help filling the Legacy Gap, so there will be an increased demand for personal historians to work with people to capture their life stories. In addition, we can expect to see new service providers enter the field to deliver the types of products people want to pass on their legacies.

3. More people will rely on financial planners to help them accomplish their goals. Financial goals will likely remain the same. Most will want to maximize the amount they leave to heirs and charities, while minimizing the tax burden, but as tax laws become more complex and the markets remain volatile, seeking wise counsel will become more important than ever before.

How fast these changes will take place is anyone’s guess, but one thing is for sure: the desire to pass on a legacy, paired with the burgeoning market of service providers catering to this need, signifies planning for the last season of life will be different than it has been for any preceding generation.

1. “Why the \$41 Trillion Wealth Transfer Estimate Is Still Valid: A Review of Challenges and Questions,” *The Journal of Gift Planning*, 7, No. 1, (January 2003) by John J. Havens and Paul G. Schervish
2. American Legacies Study, Allianz Life Insurance Company of North America
3. IBID
4. IBID

LEGACY  KEEPERS

For more information, visit www.legacykeepers.com