

How Much Money Will You Leave Your Children?

Assuming you get your estate in order prior to death by developing a properly drafted will and/or trust, you will need to decide to whom your property will pass and how much you should leave each beneficiary.

Most married people leave their assets first to their spouse and then to their children in equal shares. But all people don't think the same way, so occasionally the testator wants to depart from a traditional method of asset disposition, for various reasons.

Here are a few examples with commentary.

Example:

Ward and June have three children, Susie, Jim and John. All of the children are grown and have moved away. They don't want to leave their assets equally to the three children. As the conversation progresses their reasons become apparent.

Susie lives with her boyfriend, Jim never visits the parents and they rarely hear from him and John lives a rowdy lifestyle full of parties and wild living. They want to drastically reduce each of their children's inheritances because they disagree with their lifestyle.

Although the parents make the final decision, it is worthwhile pointing out to the parents possible scenarios. For example, what if both parents die and eventually, one or more of the children become people the parents would be proud of? This is a good reason to not withhold inheritances based only on disapproval of a child's current lifestyle.

Example:

Joe and Mary Ann have one child, Robert. Robert is able to support himself well. The parents have two million dollars. They are concerned that if Robert receives it all he might quit his job and become non-productive. They want to leave him about \$300,000 and the rest to their alma mater.

The attorney may suggest that the parents consider other future events that may occur. Let's say the parents die and Robert receives his \$300,000. A few years later, Robert becomes disabled due to a debilitating disease or an accident and can no longer work. Although he receives Social Security Disability Income, he struggles to pay his monthly bills and lives a meager lifestyle. If the parents could reappear, would they think differently about the amount of his inheritance? Probably so. The parents may want to consider leaving all or a significant portion to Robert in a trust with a corporate trustee

and provide trust terms that stipulate that the trust isn't intended to cause the beneficiary to become dependent on the trust when capable of working but should also be generous depending on needs that may be presented by the beneficiary due to the uncertainties of life.

Example:

Tom and Tonya have a daughter, Betty, who has special needs, and a son, Bob, who has no special needs. They want to leave all their assets to Bob who will take care of Betty without any formal writing.

Although this is something people propose more often than you think, it is a strongly inadvisable plan. Assume that Bob is married, then dies, leaving everything to his wife Barbara. Do you really want to trust that Barbara is going to shepherd the funds for the benefit of Betty? And if you do, then you should consider the possibility that Barbara will remarry and that the funds may be dissipated by the new spouse and their children by a prior marriage. Better to consider leaving Betty's share in a special needs trust to maintain the integrity of the funds.

People should give serious consideration about the money they intend to leave to their children. Get some good advice.

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