



March 14, 2005

Baby Boomers to Inherit Blood Money

By Kelley Keehn

The bulk of our population is set to receive inheritances greater than ever in history. The parents of baby boomers have worked hard over the years, wanting to be sure that their children would have more than they did during their lifetime. If baby boomers perceive this windfall as being like winning a lottery, the statistics are not in their favour.

People handle different pots of money differently. In Canada, most lottery winners receive their winnings in enormous lump sums and then, just a few years later, statistics show they are worse off financially than they were before they won the money. Are baby boomers destined for the same financial fate as these lottery winners?

The source of our money plays a big part in how we spend or save it. Emotional factors also come into play. People with tax refunds, for example, tend to spend them quite carelessly, regarding them as pots of “found money”. The reality is that it was always their money, and it’s just being given back to them by the government — and with no interest. On the other hand, when it comes to RRSPs and pensions, investors tend to be overly conservative, even though they may have twenty years or more before retirement and could use that time to build wealth.

Receiving a large sum of money can create discomfort and unease, since the recipient hasn’t had the natural, gradual experience of earning it. Worse, inheritances may be thought of at an unconscious level as “blood money”. This cash is, after all, the result of the death of a parent or other loved one.

Often the recipient of an inheritance faces the dismal financial fate of the lottery winner because, at some level, their discomfort with the money forces them to act irrationally and irresponsibly in spending or investing it. Couple that with the fact that the money is the result of the death of a loved one, and baby boomers may be faced with the emotion-laden challenge of not blowing in a few short years what their parents took a lifetime to save.

What can this largest demographic do to retain their fortunes (whether large or small)? Or is their fate sealed? Kelley Keehn, author of *The Prosperity Factor*, says that “the first step is awareness. Once an individual realizes there’s a potential problem with their money, they’re more open to searching for a solution.” In her book and courses, Keehn teaches individuals and financial professionals how to solve money problems with a two-part system. First, an introspective look at how a person views money and their emotional attitudes towards it. Second, she takes readers and course participants through a series of fun and effective money and banking games that can be played for a lifetime of financial ease.

copyright, The Prosperity Factor, 2005