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Can Baby Boomers Handle Their One Trillion Dollar Inheritance?

By Kelley Keehn

In 2001, it was estimated that baby boomers would inherit 450-billion to 650-billion dollars between the years 2001 and 2010. Last month, TD Economics reported that these boomers will inherit as much as a trillion dollars during the next decade. And this enormous asset transfer is happening right now!

The parents of baby boomers worked hard over the years, wanting to be sure that their children would have more than they had. But how will baby boomers handle their new-found money?

The source of money often plays an important role in how we save or spend. Emotional factors come into play. Suddenly receiving a large sum of money can create discomfort and unease, since the recipient hasn't had the more natural experience of earning it gradually. People with tax refunds, for example, tend to spend them quite carelessly, regarding them as pots of "found money." And statistics show that most Canadian lottery winners are worse off a few years after receiving their winnings than they were before the windfall.

The baby boomer who inherits a large sum of money may fall prey to the same fate as the lottery winner. If baby boomers perceive their inheritance as being like a tax return or like winning the lottery, the statistics are not in their favour.

Worse, an inheritance may be regarded at an unconscious level as "blood money." This cash comes, after all, because of the death of a parent or other loved one.

Why should the recipient of an inheritance worry about facing the dismal financial fate of the lottery winner? It's possible that, at some level, their discomfort with the money will force them to act irrationally and irresponsibly in spending or investing it. Compound that with the fact that the money is the result of the death of a loved one—and baby boomers may be struggling with the emotion-laden challenge of not blowing in a few short years what it took their parents a lifetime to save.

What can this largest demographic do to retain their fortunes (whether large or small)? Or is their fate sealed? According to Kelley Keehn, "the first step is awareness. When someone realizes there's a potential problem with their money, they're more open to searching for a solution." The second step is working with a qualified and experienced financial advisor. A professional will likely recommend a "cooling off" period as a must.

Kelley Keehn, lecturer, personal coach and author of *The Prosperity Factor*, uncovers the "inner games" we play surrounding wealth. As a financial professional for over a decade, she's witnessed the problems individuals have with money and has developed a fun, practical guide to making changes to our money mindsets at a fundamental level. Kelley is working on her second book, *A Woman's Guide to Money*, which is set to be released in March, 2006.

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