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[Estate Planning for Millennials: Why Young Adults Need to Plan Ahead](#)

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Estate planning is not just for Boomers.

Editor's Note: This story is part of our Guide to [Estate Planning](#). We have more stories that equip you with the know-how to provide for family, charities or business continuity. To see all stories that are part of our guide, scroll down and click on the links. [Click here to go to the beginning of the guide.](#)

The futurist [Mal Fletcher](#) observed that “Millennials aspire to marry the blue skies thinking of the Boomers with the grass-roots mindset of GenX.”

This innovative, big-picture, do-it-yourself attitude is the perfect context for young adults in the early stages of building families and careers to consider their long-term financial security. And that includes a carefully constructed estate plan for the protection of their children, preservation of their assets, and eventual transfer of their personal wealth.

Estate planning is not just for Boomers. It is an essential part of financial adulthood and is especially imperative for Millennials who have already amassed or inherited wealth, or expect to in the future. Following are some considerations in approaching estate planning, to help you be prepared.

Be proactive in discussing your family’s intentions and desires

While conversations around money and death can be uncomfortable on their own, the intersection of these topics can be daunting. However, it is critical for younger generations to understand their families’ assets, including the wealth that will come to them from preceding generations, in order to plan responsibly for themselves and their children. An attorney or accountant can be a resource in facilitating this often-difficult conversation.

Consider the impact of marriage on long-term family plans for finances and business interests

As young adults marry, another potentially challenging conversation emerges. Parents might gift sums of money to their adult children annually as part of their tax planning strategy (i.e., reducing estate tax obligations for the future). Many business owners look for ways to pass on assets and ownership to their children over time. In these or other similar scenarios, consider the outcome should a marriage end in divorce.

Young adult couples should consider prenuptial agreements or create dynasty trusts prior to marrying to keep wealth within the family bloodlines, and family businesses should consider alternative ownership options.

Mitigate risk with insurance – life and disability

As in nearly any context of risk mitigation, purchasing insurance is an effective tactic. Life insurance might be structured with the use of trusts and trustees, or proceeds of policies can be left to a surviving spouse.

When considering insurance options, effective planning appreciates that a tragedy leading to disability is more likely than premature death. As a young professional, the majority of earning potential still lies ahead. Consider how disability coverage factors in to cover important expenses, such as housing.

With any personal insurance coverage, the cost of acquisition is typically far less for young adults. Obtain coverage as early as possible.

Plan for the worst – premature death

Life cycles continue as young adults have children of their own. Legacy generations typically have their own desires for how their wealth should be used to safeguard their grandchildren. Discussions should involve contingencies around the premature passing of a young parent.

Questions can be posed around whether finances would pass directly to grandchildren, through a surviving spouse, or if a trust might be managed by a trustee (related or non-related).

Portions of funds could be tagged for specific purposes, such as ensuring a mortgage is paid or grandchildren have college funds. Additionally, it's important to name guardians for the minor children of young adults.

Outline critical health care directives

Should a calamity occur, planning ensures life/death decisions are in the hands of trusted individuals rather than the government. Therefore, it's important to have proper Health Care Proxies, Living Wills and Power of Attorney documents in place that appoint designated individuals before disability takes its toll.

Assign rights to digital assets, including social media accounts and photos

In an era when lives are lived as much online as off, planning entails allocating access and power over images and accounts. Consider whether to assign digital rights over all your digital assets or only to certain accounts.

Some people might choose to have all online assets deactivated/deleted, while others might like the idea of a memorial. Additional issues and privacy concerns continue to surface, regarding electronic statements and bank account access. Consult your professional advisor to ensure your plans encompass the most current information.

Safeguard the interests of pets

Many people consider pets as their de facto children. Meanwhile, these companions are considered property under the law. Eliminate the risk that beloved pets may be sent to shelters by creating a Pet Trust that names a reliable custodian to care for these special family members.

Seek advice from professionals

It is never too soon to start planning for your family's future security. Consult experienced legal and accounting advisors to ensure that your estate plan reflects your goals and maximizes all opportunities to protect your family and preserve your assets. Although estate planning can be costly upfront, it can produce savings for your family and beneficiaries in the long-run and prevent any potential conflicts or unnecessary estate taxes.

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