

LEGACY PLANNING



Legacy planning – transferring wealth with care

By Thomas P. Holland, CFP®

What will you be remembered for? Can you remember your great-grandparents' first and last names on both sides of your family? If you cannot, you are not alone. In just three generations, we seem to lose connection with our ancestors. The names you do remember are typically because of someone's unique story. Intentionally planning your legacy not only ensures that you are remembered, but it also dictates how you will be remembered. What kind of stories do you hope future generations will tell about you? What will your legacy be?

Let's start with this question: What is a legacy? Legacy is often defined as how you will be remembered when you are gone. Although this is an important component of a legacy, it is far too

limiting to capture the whole picture. Legacy Planning consists of not only how you will be remembered when you are gone, but more importantly, whom you will impact while you are alive.

Legacy planning is how you transfer your wealth to the next generation. Wealth is not defined merely by money but includes your health, your time and most importantly your relationships. How you grow, protect and plan to transfer your wealth will determine your legacy.

Wealth planning is too often compartmented. You might do some estate planning to establish trusts for your grandchildren to fund their college educations. They would appreciate this, but would this impact their character? Even if they knew your name, they probably would not know much about your values or personality. Wouldn't you be better able to pass along your values if you coupled financial resources with actions that your family members and loved ones witness while you are alive? This can be as simple as establishing traditions that your family members pass on to future generations, or they can be more complex, such as establishing trusts with the intention of passing along certain values.

Many people feel that leaving a legacy is something only the ultra-rich do. These people mistakenly believe that they can leave a legacy only by naming a hospital wing or a building at their alma mater.

But a legacy is not defined by money. Though the real property, trust mechanisms and money you leave behind are important components of a legacy, the memory you leave behind as a result of whom and how you affected people is perhaps the more important part of your legacy. In fact, your legacy is not defined by how wealthy you are. Do you think a poor person must leave any less of a legacy than a wealthy person? The accomplishments of Mother Teresa certainly prove that a person without any financial resources can leave a giant impact on the world. Think about

Jesus, Gandhi, Martin Luther King and John F. Kennedy. Are they remembered because of the financial wealth they created and passed along?

Though we focus primarily on family members, true legacies impact all of our loved ones. This can include friends, clients, employees or those served by nonprofit organizations. Your legacy can come in three forms: your time, your talents and your treasures. Anyone, regardless of socioeconomic status, has these three things.

Your time has nothing to do with your net worth. Instead, it might be your commitment to volunteering for a specific cause or organization. It costs nothing to spend a few hours every week teaching your grandchild how to create a budget, set financial goals and manage wealth. It costs nothing to teach him or her how to fish, volunteer or play chess. Talent refers to a skill or expertise you have. You could create a legacy by coaching a sport (even when your family is not involved), or teaching a class in your local community. Treasures are most often specifically related to your ability to give financial contributions to specific causes, organizations or research, but this does not have to be the case. Many people own family heirlooms that can leave a legacy. A scrapbook of old photos can tell the story of a great-grandfather who immigrated to the United States, set up shop as an iron worker and created a solid foundation for his family.

A complete legacy plan addresses two things: the ways in which you will be remembered after you are gone and what you are doing right now to make a difference to causes you care about and to the people you love. Your legacy is not something that will bear fruit only in the future. Your legacy can change lives today and can shape the world around you. Life is legacy, live it now! 

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