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“What are common mistakes individuals make after inheriting an estate?”

By Jeffrey H. Thomasson, Robert W. Hauswirth, Charles L. Heekin and Millicent H. Holmes

Heirs often fail to thoughtfully plan.

The Institute for Preparing Heirs states 70 percent of them will lose all of their inheritance, along with family cohesion, regardless of how well the assets are prepared for transfer. And 90 percent of heirs will change their parents' advisors upon receiving their inheritance. These statistics reveal that many families do not effectively plan to preserve, grow and transfer wealth through multiple generations.

Many parents do not adequately prepare their children for the responsibility that comes with an inheritance.

Preserving wealth for generations is best accomplished when the older generation instills a commitment to maintain a well understood legacy. Working with qualified advisors, including a family coach, to conduct family meetings provides an opportunity to collaboratively build the family's mission. As part of this, families may consider what role they want philanthropy to play, which can help build harmony by encouraging cohesiveness and purpose.

Furthermore, families miss the importance of protecting assets. Creditors, disgruntled spouses and spendthrift lifestyles are a few ways inherited assets quickly disappear. Asset protection basics such as properly titling property, maintaining adequate liability insurance coverage, and prenuptial agreements are important. Leaving a portion of an inheritance in a flexible, long-term trust protects assets while allowing the family to benefit from them.

Failure to plan and protect assets leaves heirs in a position to make

mistakes, resulting in the loss of the inheritance. Number one on the list of mistakes is spending it—and quickly. Younger individuals often have not developed sound financial habits and do not understand the value of living below their means and incorporating the basics of controlling credit cards, minimizing debt, maintaining an emergency fund, and investing wisely for the long term.

Additionally, heirs may try to manage their own investments and take more risk with money they did not earn themselves. Without the required investment expertise, they may invest in unwise ventures that lose value. Seeking competent and objective investment advice is key for them. With proper guidance to design a well-structured investment plan, they are more likely to construct a diversified portfolio that appropriately reflects their risk tolerance and time horizon.

Many heirs also misunderstand the importance of engaging trusted advisors. Perhaps this is because their parents did not have advisors in place who were well versed in advising families over multiple generations, or younger generations believe they can bypass expert advisors because they have enough information readily available.

Heirs often fail to understand they are stewards of their family's wealth and legacy. Those who have been properly prepared for their inheritance are more likely to avoid mistakes and to continue the legacy of thoughtfully planning for and educating the next generation. ®

FOUR STEPS TO LIVING SUCCESSFULLY AND SIGNIFICANTLY

The benefits from a sound legacy far exceed the benefits from money and assets, but creating and passing on a legacy takes time and commitment. These four steps can assist families in this important process.

01 Hold family meetings to establish a forum for communicating, sharing goals, celebrating successes, supporting each other in difficulties, and discussing differences.

02 Provide educational opportunities that allow younger generations to broaden their knowledge and perspective, while developing financial and life skills.

03 Create a family mission statement that identifies the family's values, sets guiding principles, and defines vision.

04 Establish family and individual goals to help family members articulate purpose, document dreams and create a roadmap to execute their visions.

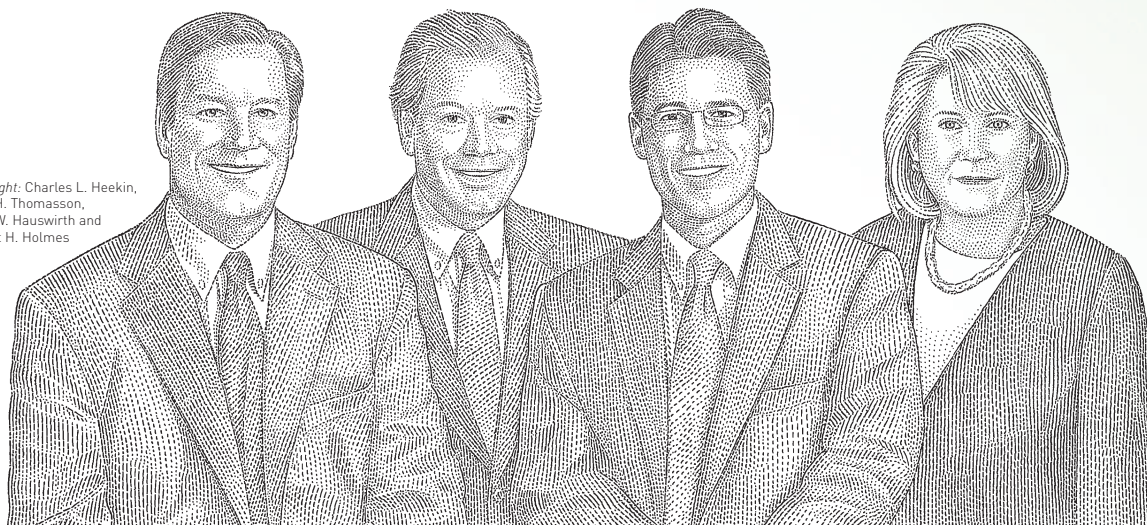
“Leaving a portion of an inheritance in a flexible, long-term trust protects assets while allowing the family to benefit from them.”

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Left to right: Charles L. Heekin, Jeffrey H. Thomasson, Robert W. Hauswirth and Millicent H. Holmes



About Oxford Financial Group, Ltd.

Founder Jeffrey H. Thomasson is CEO and managing director of Oxford Financial Group, Ltd. He is committed to serving clients' financial and investment planning needs and has been doing so for more than 25 years. He obtained the Certified Financial Planner designation through study in the fields of investment, insurance and retirement and estate planning. He received the Indiana University Kelley School of Business Distinguished Entrepreneur Award. Robert W. Hauswirth is a director in Oxford's Chicago office, where his focus is providing clients with comprehensive investment and financial advice, which he has been doing for more than 15 years. He earned his MBA from Northwestern University's Kellogg School of Management. Charles L. Heekin is a director in Oxford's Chicago office, focusing on business development and advising clients. His experience includes 10 years on Wall Street working in capital markets, advising professional money managers, financial institutions, charities and endowments. Millicent H. Holmes is a director in Oxford's Chicago office, where her focus is providing clients comprehensive investment and financial advice. She earned degrees in financial planning and finance from DePaul University and the University of Texas at Austin respectively, and maintains memberships in the Financial Planning Association, the American Institute of CPAs and the Illinois CPA Society.

Assets Under Management
\$10 billion (globally)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
**\$5 million (planning services)
\$2 million (investment services)**

Largest Client Net Worth
Confidential

Financial Services Experience
87 years (combined)

Compensation Method

Fixed fees (planning services) and asset-based fees (investment services)

Primary Custodian for Investor Assets

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Professional Services Provided

Planning and investment advisory services

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