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# Perspective

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## How Much Is A Trillion Dollars?<sup>3</sup>

It's hard to imagine \$1 trillion dollars, much less \$59 trillion. If you think of a trillion in:

- **Time:** One trillion seconds would take us back to 30,000 BC.
- **Height:** A stack of one trillion \$100 bills would be 63 miles high.
- **Savings:** You would have to save \$34 million every day to have \$1 trillion at age 80.



Whew! One thing is for sure, that's a lot of money.

<sup>3</sup> www.ihtd.org, *How Much is a Trillion Dollars?*, July 16, 2015.

## \$59 Trillion Will Change Hands by 2061— And Some of it May Belong to You!

Despite the tremendous loss of wealth that occurred during the financial crisis and Great Recession, the most significant wealth transfer in history is expected to take place during the next few decades. Older Americans are expected to pass trillions of dollars on to their heirs, charities, and, in some cases, to the government.<sup>1</sup> A 2014 report, published by the Boston College Center on Wealth and Philanthropy<sup>2</sup> reported:



- ▶ About \$10 trillion will be given as gifts during the donors' lifetimes.
- ▶ About \$36 trillion will be transferred when final estates are settled.
- ▶ About \$27 trillion will go to charities.
- ▶ \$5.6 trillion will be paid in federal estate taxes.

### WHAT IS YOUR PLAN?

If you want to make sure your assets go where you want, then it's a good idea to put a plan in place (or make sure your current plan is up-to-date). Typically, an estate plan should include:

**Will** – determines who will manage your estate after you are gone, who will receive various assets, and who will become the guardian of any minor children.

**Advanced Directive** – may be a living will, healthcare directive, or another document that describes your preferences should you become terminally ill.

**Healthcare Power of Attorney** – gives another person the power to make medical decisions if you become physically or mentally incapacitated.

**Durable Power of Attorney** – delegates the power to handle your financial affairs to another person.

**Trusts or Other Estate Planning Strategies** – can help reduce taxes and protect assets.

If you need assistance with your estate plan, we can discuss the next steps to make sure your asset distribution plan is on course. ■

<sup>1</sup> www.cnbc.com, *\$59 Trillion to go to Heirs, Charity by 2061*, May 28, 2014.

<sup>2</sup> www.bc.edu, *A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report*, May 28, 2014.

## Money Tips for College Students and Their Parents



There are many budgeting challenges for college students and their parents beyond paying tuition — and for good reason. College is expensive, and college students often have little experience handling financial matters. Here are a few tips that may help make college less painful for everyone, financially speaking.

**1. Make a budget.** List all of your/your student's income (work, savings, allowances, and financial aid). List all potential expenses (books and supplies, housing, groceries, personal care items, transportation or car expenses, health insurance, cell phone, laundry, entertainment, and activities fees). Make sure income and expenses match up.

**2. Clarify needs.** Does your daughter need to spend \$200 on parking? Or is it a want? Does your son need to spend \$50 a month on non-meal plan food? Or is it a want?

**3. Set up a checking account.** Look for a bank that has ATMs around campus and offers free checking and savings accounts to students.

**4. Discuss credit cards.** Your student should start building a credit history, without emerging from college deep in debt. Review effective ways to manage credit sooner rather than later.

**5. Track spending.** Make sure you/your student has a means to keep track of spending. An Excel spreadsheet may be a good choice.

If you haven't done so already, sit down and talk money with your soon-to-be college student. You'll both be glad you did. ■