

March 6, 2023 – Wealth Planning Commentary

Childfree? You still need a plan

Birth rates are [falling](#) in the US and globally. Childfree individuals and families are more common and have different financial and life goals than those with children. Retirement savings are often adequate to last a lifetime for childfree mid to high-income earners that have accumulated wealth. Longer-term objectives may be living abroad, volunteering significant time, long-term donation strategies, and investing time in serious hobbies or even a side 'gig.'

Thinking through the plan for the later years includes asking questions and pondering:

- Where you want to spend your time.
- How do you want to spend your time.
- Traveling and the potential logistical challenges.
- Potential caretakers if needed.
- Comprehensive health coverage.
- The possible need for a long-term care facility.

Perhaps there is a community of friends or neighbors whom you'd like to spend time with and live close to. If you don't have children, estate planning is likely not at the top of your priority list – and you're not alone. According to [Caring.com's 2023 Wills and Estate Planning Study](#), only 1 in 3 Americans has an estate plan. Deciding who will be your named agent in a durable power of attorney and a health care proxy may be challenging and takes some thought.

Likewise, who will be the estate's executor and ultimate beneficiaries? Some have strong relationships with nieces, nephews, and other relatives to who they would like to leave assets. Gifting while you're alive may be rewarding and is likely a valuable tool for estate tax mitigation. Consider gifting by investing in relatives' education; this can be as rewarding for you as it is for them. Paying tuition directly to the institution is considered a tax-free gift. Beyond direct payments on behalf of a loved one, you may give each relative \$17,000 a year, \$34,000 if married, without incurring gift tax.

Whether it's a devotion of time or money, a charity may be fulfilling. A long-term philanthropic strategy strives to maximize the impact of donations and the mitigation of taxes. Selecting an organization to donate your resources to is time-consuming. Some organizations are more effective than others in making a positive impact to their respective causes.

Another estate tax mitigation strategy is to spend all your wealth during your lifetime. Rest assured, the "die with zero" mentality is not unique to the childfree.

Please reach out to your wealth manager if you would like to discuss your long-term plan.

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