

PARENTING
MEDIA
NETWORK

PARENTING SITES

LIFESTYLE SITES

iPARENTING MEDIA AWARDS

CELEBRITY PARENTS

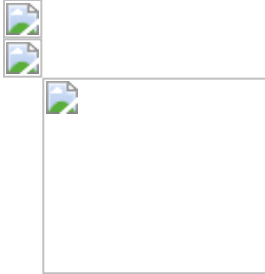
INTERNATIONAL SITES

FREE E-NEWSLETTER

CONTACT US

ABOUT US

iPARENTING STORE

GRANDPARENTS
TODAY
QUICK CLICKScommunity | diaries | blogs | expert q & a | articles & tools
news | recalls | editor's letter | free stuff | network site map**GET CRAFTY**

Get creative with your grandkids with these fun summer crafts. [Read more.](#)

EXPERT Q&A

"What are some fun (and nutritious) sandwich ideas?" We have the answer. [Read more.](#)

BLOGS

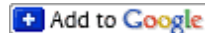
Start a blog! Find out more here. [Read more.](#)

DIARIES

We invite you to share your story by writing an online diary. Get started. [Read more.](#)

September 13, 2015 – Welcome to the iParenting.com network of more than 40 community sites for [pregnancy](#), parents and families. Here you can [research baby names](#), start a [parenting blog](#), post a question on our [extensive message boards](#) or read expert advice in our [articles](#), [expert Q&A](#) and [news](#) sections. No other parenting site has gathered more wisdom than iParenting.com – we're glad you're here. **[Join the community!](#)**

RSS feeds subscribe |



SEARCH

go!

Match: any search words all search words[listen to our podcasts](#)[Home](#) > [Articles](#) > [Grandparent Finance](#) > [Leaving an Inheritance](#)

articles



Leaving an Inheritance

How to Provide for Your Grandchildren in Your Will

By Sue Marquette Poremba

When my father-in-law died, we discovered that he included a provision in his will for the grandchildren who were alive at the time of his death. It was a generous and thoughtful gesture and fairly easy to dispense. As we closed his estate, we also found a life insurance policy that named his grandchildren as beneficiaries. That caused a bit more of a problem.

When my father-in-law set up the policy, he assumed he would be alive for many years, seeing he was in good health. But his sudden death in a car accident happened when his grandchildren were still minors. To release the life insurance payment, my husband and I had to get a court document stating we were the legal guardians of our children. I'm sure my father-in-law would have been angry about the red tape we had to cut through to finalize his estate.

Remembering grandchildren in a will is important to many grandparents, and, of course, each grandparent will have his or her own reason for why or how they bequeath a gift in their will. However, leaving part of an estate to a grandchild requires additional planning and considerations.

Writing a Will

All adults, of course, should have a will. David F. Woods, president of the Life and Health Insurance Foundation for Education, recommends the following guidelines when writing a will and planning on the distribution of an estate:

- **Make sure your will specifies executors, guardians and trustees.** Don't forget to get a living will, too (health care directive), to make sure loved ones know whether you want to be

kept on artificial life support. Similarly, you should designate a power of attorney – someone authorized to manage your affairs, typically financial ones, if you're not able to handle them yourself.

- **Pay it forward.** Purchase adequate life insurance for yourself now to help your family avoid financial pitfalls later. Having the right amount of coverage will help ensure that the dreams you have for your family will be realized even if you're not there to witness them. Determining how much life insurance to buy can be complicated, so it often helps to seek assistance from an insurance agent or other financial advisor. Also, remember to periodically review the beneficiaries you name in your policies – both personal and work – because these can change due to death, divorce or other life-changing circumstances.
- **Make a list, and check it twice.** Draft a document listing all key financial information (e.g., checking/savings/investment account numbers, mortgage, insurance, etc.), and specify where important non-financial information and valuables (e.g., birth/marriage certificates, titles/deeds for houses/cars, jewelry, safe deposit keys, etc.) are located. Don't forget to include contact information for all the professionals who help with your financial and legal affairs (e.g., insurance agent, attorney, accountant, etc.).
- **Rest in peace.** Determine your final arrangements (e.g., burial or cremation, where you want to be buried, whether or not you want to be an organ donor, etc.), write them down and make them known to family and close friends.



Grandchildren Inheritances

Nothing causes friction within a family like the division of a relative's estate. Even when there is a written will, there will be family members who believe they deserve particular items or a share in the inheritance



money no matter what the deceased had decreed. That is why it's imperative that language in a will is clear and straightforward, particularly when it comes to grandchildren.

The worst thing a grandparent can do is stipulate that a particular percentage of the estate goes to "my grandchildren." Does that include grandchildren who have yet to be born at the time of the grandparent's death, and, if so, does the executor hold on to the money until it is certain that the last grandchild has been born? If a grandchild has passed away before the grandparent, does that child's estate receive a share of the grandparent's estate?

"You want to avoid any ambiguity in the language," says George Cassar, an estate planning attorney with Maddin Hauser Wartell Roth & Heller PC in Southfield, Mich. "You need to be very clear and straightforward."

The grandparent should firmly state his intentions. For example, the grandchildren's portion of the estate could be left only to all grandchildren alive at the time of the grandparent's death. Or the grandchildren could be named specifically. If the grandparent wants to leave a legacy to unborn grandchildren, that, too, can be specified.

However, says Brette Sember, author of [Seniors' Rights: Your Legal](#)

Guide to Living Life to the Fullest (Sourcebooks, 2004), stepgrandchildren are not legally considered grandchildren unless they are legally adopted by your child. "If you want to leave something to them [stepgrandchildren], all you have to do is specify what and to whom," Sember says. "It's like leaving a bequest to anyone."

Know the Taxes

Grandparents should also be aware of the various taxes and laws involved with estate planning. In 2006, the estate tax will affect anyone with an estate assessed at \$2 million upon death. In 2009, the assessment goes to \$3.5 million; in 2010, the estate tax disappears for a year, and in 2011, it returns at \$1 million (all of which is subject to change, depending on Congress). There is also a generation skipping transfer tax, which follows the same assessments as the estate tax. The skipping tax comes into play when a generation is skipped, such as a grandparent leaving money to a grandchild but not to the parent in between.

If the estate is large, grandparents may want to consider other options for their grandchildren, says Todd Simpson, a former trust officer who is now an attorney at the Michigan-based firm Warner Norcross & Judd LLP.



"Under current law, a grandparent can pass up to \$12,000 a year to a grandchild without being taxed," says Simpson. That is \$12,000 per grandparent, he adds. If Grandma and Grandpa are married they can jointly provide a tax-free gift of up to \$24,000, according to Simpson.


Some grandparents want to leave a gift for a specific reason, such as to be put toward a grandchild's education. Or they might be concerned that money given to the child might be spent by the parents. In this case, Cassar says grandparents should consider setting up a trust fund that designates when and how the grandchild can use the money. The grandparent also can control who handles the trust fund.

No matter how the grandparent decides to set up the estate, experts recommend using an attorney who specializes in estate planning.

"Estate law is really a game of words, and it's important that you have someone who knows the rules," says Sember. "Different states have different rules, so it is really important to see an attorney who can do this for you the right way."

Want to see more?

- [No \(Grand\)Child Left Behind: College Funding Options for Grandparents](#)
- [Taking Stock of Your Financial Future](#)
- [Mind Over Money: 10 Ways to Make the Most of Your Money and Your Life](#)
- [Talk about it!](#)

article index 

<http://grandparentstoday.com/> © 1996-2006 iParenting, LLC. All Rights Reserved.
Please read the important disclaimer regarding material presented on this site and our Privacy Policy Statement.
Comments or questions? We'd love to hear from you. Like what you see? Tell a friend!