

From mom's work ethic to dad's workbench  
From a string of pearls to pearls of wisdom  
From family stories to the family store



THE ALLIANZ  
AMERICAN  
LEGACIES  
STUDY

Talking with your family about what's truly important



# Welcome.

*Mr. and Mrs. Reed first met at their elementary school in 1935. They have three children ranging in age from 39 to 54. The family spends holidays together at the farmhouse where all three kids grew up. They also organize several annual trips to the family camp.*

*During a recent reunion at the camp, the family sat at the long table for breakfast. The oldest son, Tom, said, "I love this cabin. All my favorite memories are here." Mrs. Reed warmly responded, "Tom, perhaps you'd like to keep this property in your own family." Tom's brother Chris reacted with surprise. "Tom's family? I always pictured coming here with my girls and their kids." Just then their sister Stephanie chimed in. "Mom, Dad, since you bring this up, I've been helping you run the farm for awhile, and wondered what you planned to do with the business after you're gone."*

*All Mr. and Mrs. Reed could do was sit silently and listen. They were stunned by how little they understood their own children's wishes! And they realized they didn't take any of these feelings into account when planning their kids' inheritance.*



As surprising as it may sound, many families just like the Reeds have not thought about how their family wealth and possessions will be distributed. They don't realize that legacy is not just about a bank account or a few stock certificates. It spans all the minute-to-minute experiences that a family holds dear. Each little moment, each simple action, amounts to the lifetime of cherished memories that make your family special.

The relationships within your family mean the world to you. And the memories you have of each other will last for years to come. Don't let the mystery of legacy keep your family from getting even closer and creating ever more memories. Talk to each other! Find out what each of you is thinking and feeling. Explore how to fulfill each other's wishes. You'll be glad you did.

Of course, a conversation this important doesn't happen automatically. And it doesn't have to happen alone. Call on your financial professional for support and guidance along the way.

To begin preparing for a meaningful and lasting discussion about legacy with your family, just read on ...



## Legacy means more than inheritance.

Many of us think that when it comes to drawing up wills and passing on estates, heirs care more about money than about anything else. But it turns out that's not true. Most baby boomers would rather hold onto their parents' memories than receive a financial inheritance.

In fact, legacy isn't just about money. A true legacy is a combination of emotional and financial elements, placing the family photo albums right alongside the family fortune.

As you saw with the Reeds, the question "what's most important to us?" often goes unanswered in our families. So the place to start is by asking that very question. It's important to everyone in your family. You may also want to let your financial professional know that your family will be discussing legacy, so he or she can be involved and available if you have questions.

Just remember that you're asking the people you love the most about the things they cherish the most. So make the most of this first step! How you pull together your family for the first time will set the whole tone of your ongoing legacy discussions.

### Tips for getting started:

- *The first step is to open the door. Invite your family to get together for a leisurely lunch. Maybe you'd like to call each family member personally to find out when they're available. Or perhaps a nice handwritten invitation would be more special. You know your family's style. Whether it's formal or casual, go with what makes sense.*
- *You don't have to frame your invitation as a "discussion about inheritance." Instead, focus on having a meaningful, enjoyable talk to learn about each other's ideas for the future. Make it a positive and productive venture.*
- *When you schedule your gathering, choose a time when family members are already planning to visit to be sure everyone can attend. Holidays may lend a natural atmosphere for closeness and reminiscing, but don't let your talk about legacy get overshadowed by the other festivities of the day!*



## *Together you can bridge the legacy gap.*



If you were to ask a group of people if they are comfortable talking about legacy with their kids or their parents, most would say yes. However, often what we do is very different from what we say. For example, would you guess that less than one-third of baby boomers and their parents have had a thorough discussion about the key components of legacy planning?<sup>1</sup> These components, known as the “four pillars,” are:

- Values and life lessons
- Personal possessions and emotional value
- Financial assets and real estate
- Instructions and wishes to be fulfilled

As you know, a leisurely family get-together is a great way to start thinking and talking about legacy. By now you’re all set to get the ball rolling. But once your whole family is together, the real work begins. Now is the time to explore the four pillars.

### *Values and life lessons*

Values are some of the most meaningful gifts we get from our parents and other family members. But they’re also intangible. You can’t hold them, you can’t see them. So how do you preserve them?

One of the most effective ways to carry on your beloved values and life lessons is to record them. Ask each other to write down the values and lessons they consider to be most important. Then suggest that everyone participate in the memorable task of assembling symbols of those values and lessons that each of you wrote down.

For example, you can create photo albums and scrapbooks. Record special memories that have yet to occur by keeping your camcorder on hand and build a video library. Some of your family members may have written poems, stories, or heartfelt letters; such mementos are worth cataloging and even framing. These are easy, fun activities that grandchildren would also be happy to help with, and they go a long way to preserving family values for generations to come.







## *Personal possessions and emotional value*

The best way to broach the subject of personal possessions is to do so honestly and openly. Be candid with each other about what items you hold close to your heart and why. You can start by asking each family member to list his or her favorite family heirlooms and one or two reasons why each item means so much. Then sit down and compare notes. If two siblings have the same item listed, they may need to have a worthwhile, though emotionally charged, conversation. In these cases, parents and other siblings can lend support.

These days there is no “typical” family. Because our families grow and change through events such as second marriages, adoptions, single parenting, and extended families, we nurture very complex relationships and family dynamics. What does this mean for you? By discussing legacy with each other now, you’ll be able to explore your own family’s unique situation and resolve the questions before they become conflicts. Your financial professional is available to offer guidance for having these discussions and has the tools to help generate them.

## *Financial assets and real estate*

Even though money is not the most important part of legacy for many people, it is still important to understand and discuss. And of course, real estate is a possession that can trigger emotion just like any other personal item. For example, the Reed family cabin was very dear to the children’s hearts. How do you put a price on that? Now is the time to have honest and open dialogue about whether the family real estate carries emotional ties for the children or is seen as just another asset.

## *Instructions and wishes to be fulfilled*

Though not a popular subject, final wishes are a reality that all parents should discuss with their children. By setting up a will, you thoroughly outline everything your family has expressed in your legacy conversations and minimize conflict among siblings down the road. The best way to create an accurate and ironclad will is to consult your financial professional who understands the intricacies of legacies and is ready to help.

### Prompts to help you work on closing the legacy gap:

- *What values would you like to see continued through your family’s generations?*
  - *Perhaps your principles on how to treat the environment, country, and property?*
  - *Or maybe contributions to specific charities or nonprofit organizations?*
- *What are your plans for keeping the family business going?*
  - *Will a family member continue to run it?*
  - *Will it be sold?*
- *What about the family vacation property?*
  - *Will a family member inherit the property?*
  - *Will it be sold?*





## Will the real Alpha Child please stand up.

If your family has more than one sibling, chances are you have what's known as an Alpha Child. This would be the child who tends to be more closely connected with his or her parents when it comes to "official" family business such as legacy planning. The Alpha Child is often whom parents turn to first when important decisions need to be made about the family. Some of the unifying roles they fulfill include:

- Acting as spokesperson
- Preserving and perpetuating family tradition
- Building trust among siblings and parents
- Providing a source of knowledge

Even though the Alpha Child in your family can be a solid anchor who pulls the family together, be sure your legacy discussions involve everyone. Whether you are the parent of an Alpha Child, the sibling of an Alpha Child, or the Alpha Child, your role is equally important in creating meaningful conversation.

Not surprisingly, more than one child in a family might want to claim the title of Alpha Child. So the first step toward making the most of your relationships is to identify who that Alpha Child is. Again, you know your own family's style. If you think this is a subject to begin discussing all together, or individually, choose what is most comfortable for all of you.

### Are you the Alpha Child in your family?

- *Have you discussed any of the four pillars of legacy with your parents?*
- *Are you comfortable discussing a topic like legacy?*
- *Do you feel it is your responsibility to start these conversations?*

### Are you the parent of an Alpha Child?

- *Which child have you usually turned to in the past for planning big family events? (These might include weddings, reunions, graduations, organizing in times of crisis, and, of course, estate planning.)*
- *Do you think this child knows that he or she fulfills this role in the family?*
- *Do you think this child would be willing to serve this role when you all discuss legacy together?*



## *An equal share isn't always equitable.*

Many of us probably view inheritance as a question of simple math. If there are five children, for example, the estate gets split up in five equal slices. But figuring out how much to give each child is a much more complicated decision. If you have several children, or if you have had multiple marriages, you may have even more to consider.

Let's face it: we're all human. Some children might stick close to home and stay heavily involved in caring for their aging parents or running the family business. Others might leave the nest at a young age and spend more time traveling, or even relocating far from their parents and siblings. And as you've seen, the Alpha Child plays a unique role in the family structure. So an equal share for each inheritor may not reflect economic and social reality for your family.

### **Here's a suggested exercise to help you talk through equitable distribution.**

*Feel free to modify these steps to fit your own family dynamic.*

- *Ask each sibling to list the most important contributions they bring to the family.*
- *Parents should make their own list for each of their children.*
- *Talk through your lists together, involving the Alpha Child as a moderator as needed.*
- *Based on how everyone feels about your discussion, draft a plan for how legacy plans will reflect each person's role within the family.*

Just consider that more than half of parents and their baby boomer children feel that a child deserves a larger inheritance if they provide care for a parent. And a third of these parents and their kids believe that children deserve less if they cause conflict or disrespect the family. This philosophy, known as "performance-based distribution," suggests that wealth be divided in proportion to each child's role and responsibility as a family member.

So where does this leave your family? This could be the most sensitive part of your exploration of legacy. But the more complex the conversation, the more rewarding it will be when you arrive at answers together. And this can be an incredible learning opportunity for all of you!

In the example of the Reeds, perhaps Tom and Chris would inherit the cabin equally, while Stephanie would inherit the largest (or total) share of the family farm. Or maybe everything would be liquidated with the proceeds distributed equally among all three kids. It all depends on what each of them wants, and what seems fair based on each person's role and relationship.

As with so much of legacy planning, by having the conversation now you can answer questions and resolve conflicts as a family, rather than face them at an emotional and difficult time in the future. And, as always, your financial professional is able and willing to help your family sort through these complex matters.













# *Rely on your financial professional like you rely on family.*

Just as legacy means more than financial inheritance, your legacy resource must be more than a software package or generalized textbook. You and your family need a person who knows what legacy entails, understands the factors involved, and is experienced in customizing a legacy plan that honors the unique characteristics of your family. In fact, most people count on their financial professional for honesty, trustworthiness, and compassion.

From that very first moment when you invite your family to discuss legacy, you can seek the guidance from your trusted financial professional. Like a member of your extended family, a trusted financial professional can support your discussions and help you find solutions.

Like most people, you may find inheritance and legacy planning to be a challenging topic wrought with many financial and emotional considerations. But like all the milestones you reach as a family – births, graduations, marriages – it can be equally rewarding. Just keep the benefits in mind and approach legacy one step at a time. And remember to take advantage of the knowledge, experience, and support of your financial professional.

**Don't wait another minute. Call your financial professional today for help getting started. It's the first step to creating a successful legacy for you and your family.**

## Here are a few suggestions for preparing to meet with your financial professional:

- *Make a list of the top three legacy questions you'd like to discuss.*
- *Share your questions with your financial professional and talk briefly about your family's current situation. For example, have you already planned the transfer of your estate? Have you talked with your kids (or your parents) about these plans and what they mean for each family member?*
- *Finally, ask if your financial professional notices any factors you may have overlooked that will be important to address.*



## The Allianz American Legacies Study

*Allianz is pleased to provide this guide for you, your family, and your financial services professional to use when exploring legacy together. We developed the guide based on findings from The Allianz American Legacies Study, a comprehensive examination of intergenerational wealth transfer.*

*To support our vision of financial independence for every American, Allianz set out to quantify the hopes, fears, priorities, and motivations tied to passing values, assets, and wealth between two specific generations – baby boomers and their parents.*

*That's why we partnered with Ken Dychtwald, Ph.D., President of Age Wave, and Harris Interactive® to develop The Allianz American Legacies Study. Dr. Dychtwald designed the study while Harris Interactive conducted the survey.*

*A random sampling of baby boomers and their parents were asked to identify how they define leaving a legacy and how families are communicating about these sensitive issues today. Harris Interactive fielded a nationwide online and telephone survey among a total of 2,627 U.S. adults, of whom 1,282 were baby boomers (age 40-59) and 1,345 were parents of baby boomers (age 65 and over).*

*For more information about The Allianz American Legacies Study, please visit [www.allianzlife.com](http://www.allianzlife.com).*

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