

The Emotional Side of Inheriting Money: A Map of the Territory

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Estimates are that between 23 and 150 trillion dollars in wealth will be transferred to the baby boomer generation. Whether you call it Sudden Money Syndrome, Affluenza, or just plain coming into money, an inheritance is sometimes a two-edged sword and frequently a major life challenge. The bigger the legacy the bigger the need to confront this transition with your eyes wide open.

On the one hand inheriting money can bring you a sense of excitement and possibilities and a heady feeling of being rich or independently wealthy. You can experience it as a way to dramatically improve your life by providing resources for independence, security and the realization of your dreams. It can provide you the opportunity to give back through philanthropy.

On the other hand, implicit in this windfall is the loss of someone near and dear to you. In the case of a family inheritance, your gain comes at the price of a loved one's life-- probably your last living parent. This milestone frequently coincides with becoming an adult orphan--a wake-up call at any age. So while receiving a financial legacy is a blessing, it is one frequently tinged with loss, grief, and guilt.

As with many of life's important transitions, one door opens and another closes. In many ways, claiming your inheritance is a coming-of-age story, when you are required to step up to the plate, take control of your family's wealth legacy, and make some very big financial decisions. Since most people in our society have money "issues," this transition can be challenging to your emotional equilibrium. Since most people have never been educated about handling money it is easy to make mistakes.

There are two broad scenarios for inheriting family wealth, each with its own challenges: People who have grown up in affluence-- the already rich, and those who have not--the newly rich.

Most people who receive an inheritance come from an affluent background where money was always plentiful and available but rarely discussed. Many were sheltered from life's challenges and decisions involving money. While not surprised to be receiving inherited money, they may find themselves at a loss about how to deal with having it. Many people who grow up in with easy money fail to develop an appreciation for it. It is not unusual for them to have low self-esteem and little sense of their own competency. They find it hard to accept unearned good fortune and have trouble finding ways to prove themselves worthy of it.

Another group of inheritors grew up in average circumstances and is totally surprised at receiving an inheritance amassed through their parents' frugality. Here also, money was never talked about and they are unprepared to have it suddenly, and clueless about how to manage it. It's like coming to an all-you-can-eat restaurant after you've been on a diet.

Money is an emotionally loaded commodity.

Few of us deal with money gracefully and neutrally. Many people find that receiving a substantial amount of it, "suddenly," brings up a cascade of emotions and reactions that catch them off guard. Guilt is a frequent response-- whether conscious or unconscious. Here you are, profiting from someone else' s death. Guilt undermines pleasure and can lead to irrational decision-making, questions about worthiness and entitlement, as well as self-defeating behaviors such as over-spending and poor investment strategies.

Frequently having a lot of money brings feelings of depression and emptiness-- after the thrill wears off. If your inheritance is large enough to support you without having to work for a living, you will be called upon to question your purpose in life and to chart the course of your life anew. Without money pressures you may face a freedom of choice and loss of structure that is surprisingly stressful.

Some people find money to be a barrier between themselves and others, and a source of envy. Others may find that friends and family expect your support and generosity. Inheritance can also come with strings attached, where your benefactor attempts to control how you use your legacy--from the grave. Some may cave in under the pressure to match the achievements of the creator of their family wealth.

So what should you do?

Most experts agree: First do no harm. Take six months or more, put your money in a safe, conservative investment vehicle, and do some figuring out. This is a good time for soul searching, for discovering your hidden and no-so-hidden attitudes and values about money and what it means to have money of your own. It' s a good time to ask yourself what makes you tick, what you care about, and what your goals and aspirations are for using this gift. Then thank your benefactor, celebrate your good fortune and share it with others, with purpose.