

## Investing in Grandkids – Give Wisely!

by Dr Robb Musgrave

Many of us believe it's important to leave something of value to our loved ones when we pass away.

When it comes to grandkids especially, the idea of leaving them something special is reassuring. Whether we decide leave a memento to remember us by or some money to provide a bit of financial support, we know that we've taken steps to make a difference in their lives and that they will be well looked after when we're gone.

If you decide to leave money that you've worked hard to earn, it's often wise to include some instruction or wish as to how the inheritance should be used. This may seem pushy, but I doubt anyone likes the idea of their money being spent on just anything.

A close family friend left her ten year-old grandson an impressive sum of money when she passed away. She was hoping he would eventually use it while studying at university or even put it towards his first home but she didn't say anything to him, instead hoping he would use it for something meaningful. Her grandson inherited the money on his 18<sup>th</sup> birthday and thanks to compounding interest it had grown substantially. The young man decided the money would be enough to live off and set about living life to the full! Soon after, he was married but sadly the relationship ended in divorce no more than a year later.

Within 5 years the young man had spent most of his grandmother's inheritance on lifestyle pursuits. Part of what he had left was awarded to his ex-wife by the courts, as well as paying for legal expenses.

While this is an extreme case, it goes to show some guidance is useful when it comes to handing down hard earned money.

As a financial planner I've always been an advocate of careful planning when it comes to investments and I believe leaving an inheritance is a special kind of investment.

A great idea for *groovy grandmas* who'd like to leave money to their grandchildren for a specific or worthwhile purpose is to set up a trust fund with certain instructions. For example, if you're an avid traveller and you know your grandchildren are interested in travelling too, you can set up an account with money that will be released when they're

ready to purchase a plane ticket. Or you can specify that the money is to be invested in purchasing the first home, an investment portfolio or for educational expenses.

The terms of the trust mean the inheritance is protected against unforeseen circumstances, so that your grandchildren will be able to receive the greatest benefit from your gift.

Best of all, the purpose you set for the money will remain a constant reminder to your grandchildren of just how incredible (and groovy) their grandma was!

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*If you'd like to learn more about values, trusts, foundations and estate planning feel free to visit Dr Robb Musgrave's website [www.legenis.com](http://www.legenis.com) or email him at [robb@legenis.com](mailto:robb@legenis.com)*