Baby Boomers and Their Money: Selfish or Just Plain Practical?

Time is passing and our largest population demographic, the Baby Boomers (born from 1946-1964), is aging at a rapid rate. This group is stress-testing our current Social Security system. Their financial advisors are also being tested, as the cohort retires and begins to find out whether their portfolios were truly built to stand someone living to 90 or beyond. This aging group is requiring long-term health care by the thousands and is ill-prepared to handle the financial costs of this care, unbeknownst to their high-income earning Gen X kids.

After all, it's uncomfortable and borderline inappropriate to talk to your parents about their financial situation, right?

As a proud Gen Xer, I am fascinated by the cases I see come through my advisory practice's office and the mindset that the various generations have around money. Prior to going into practice many years ago, my only lens was that of my parents. Now, over half of my practice is composed of clients over 50 and I can get perspective from multiple angles.

Boomer clients commonly tell me, "I would like to spend my last penny on the day I die. If nothing is left for my kids, so be it. I helped pay their way through college, so I did my part already." Legacy is the farthest thing from their minds.

Ouch. **And we like to judge Millennials…**

This Boomer mindset is a far cry from their Greatest Generation parents' mindset – a mindset where legacy is everything and the big question is, or was, “How do I pass my $10,000 CD to my grandchild while I'm in the nursing home?”

Many Gen Xers I talk to are surprised by their Boomer parents' mentality and become upset. But unpleasant as the truth may be, it's important to realize that *you are not entitled to an inheritance. It's not **your** money.*

After recovering from the shock of learning they're not likely to receive much through inheritance, people often begin to assess their own goals and desires when it comes to leaving their mark on future generations. This is a valuable process that can help you align your financial behavior with your values. **Consider this: at what point is additional expense of lifestyle meaningful?**

Whatever your age, I encourage you to explore and define your own values proposition of legacy versus lifestyle.

What does your legacy look like when you are gone? Is it the values you taught your kids or grandkids, or the trips you went on as a family? Is it a scholarship fund that is endowed every year at your *alma mater* with your name on it? After all, human ego dictates that none of us want to be forgotten and we hope that our impact lasts long after we leave Earth.

I would encourage everyone, not just Baby Boomers, to think through this question carefully. The answers you come up with will help you find the right financial balancing act between current lifestyle and future planning versus your legacy when you are gone.

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