Chapter Nine

Hey Folks, You're Spending My Inheritance

"More than ever before, Americans are living into their 90s and even 100s. That's great news—unless you outlive your savings." A reminder from the American Association of Retired People (AARP) of the perils of our new longevity.

For the last decade or so, economists have been telling us that the baby boomers, who represent over one-quarter of our total population, are about to become the beneficiaries of the greatest intergenerational transfer of wealth in history. News that has spawned a growing industry of experts, from banks, insurance companies, and financial planners who want to have a hand in how and where this money is invested, to philanthropies who want to be sure to get their share, to psychologists who have found a new mental health "disease"—sudden wealth syndrome—and have set themselves up to help people through the "trauma."

Depending on how they crunch the numbers and what models of economic growth they use, the experts estimate that somewhere between $41 and $136 trillion will pass from one generation to another in the next fifty years.[1] Yes, that's *trillion*, a number that almost defies comprehension.

Such estimates virtually always generate a lively scholarly debate about the assumptions that underlie them.[2] This one is no different. After a few years of arguments and counterarguments, the researchers who headed up the influential study that started it all published a detailed response to the challenges.[3] In it, they argue that the assets of "wealthy families"—by which they mean the 5 percent of American families with a million dollars or more—will grow enough to support their spending and then some.

Never mind that their estimates are based on the supposition that the various financial markets will flourish, an iffy proposition at best. Never mind, either, that those American families who can actually count up a million dollars have almost certainly included their homes, by far their largest single asset and one that has recently attracted the attention of the financial world as it waits anxiously to see if the softening housing market signals an end to the boom that has been the single biggest factor in driving up the net worth of America's homeowners.[4]

Still, their assumptions about the financial markets holding or increasing their value *could* be right, in which case their simulations probably work quite well—*if*, that is, we're kind enough to die on their timetable. But what if we don't? If we live to ninety or more, how rich do we have to be to have enough money to sustain ourselves and still leave something for the kids? And how healthy? The answer: richer than most of us are, and almost certainly richer than a million dollars, given the cost of long-term care and the reasonable expectation that we'll need it.

"I always expected to inherit some money because my parents have been reasonably well off for most of my life. Not rich, but comfortable and careful with money," explains a sixty-two-year-old college professor. "But now, I doubt it. My father had Alzheimer's and spent his last years, nine of them, in a nursing home. I don't think anyone who hasn't been through it really understands how terrible that is. I don't mean just the financial burden, which, by the way, was over three-quarters of a million, but the human cost. Seeing someone you love turn into a thing, not a person, and there's no way out, it's just terrible, one of the worst experiences in life."

He stops talking, visibly moved, struggles to contain his emotions, then brightens. "My mother, bless her, is eighty-two and doing great. She moved into one of those assisted-living places a year or so ago, and before she was there a month, she was already practically running the place. It's great; it keeps her busy. But it's very expensive. Even with the money she got from selling their house, if she lives another eight to ten years, which right now seems likely, she'll use up her money, and my sister and I will have to find a way to pay the bills.

"That's a big twist, isn't it? You go from knowing you'll inherit money from your parents to wondering how you're going to support them. I don't begrudge her, don't misunderstand me." He hesitates, smiles, then in a voice that mimics an Old West cowboy twang, "Ah'm just tellin' you the facts, ma'am, just the facts."

Not just a clever throwaway line, but testimony to how difficult this subject is and how ambivalent many children are about it. They don't wish their parents ill. But for much of their lives these baby-boom children of the middle- and upper-middle class have known there was a cushion beneath them that would break any fall. They're accustomed to being helped and supported by their parents' generosity and have often lived their lives, made decisions about their own spending and saving based on their expectations of an inheritance. Now, as they watch that promise being washed away by a torrent of expenses related directly to their parents' longevity, they're finding out the hard way that this was a risky assumption.

It's no surprise, then, that even in families where relationships are close and caring, the children can't help being anxious about their own future, can't help feeling cheated, as if a promise has been broken—feelings they struggle to contain, to cover over, to remind themselves and the listener that they're "just tellin' the facts, ma'am."

Writing in the *New York Times*, Bob Morris courageously explores the discordant voices inside him as he struggled to care for his father in the closing years of his life. His image of himself as a caring son, he recalls, his desire to be one, was pushed and shoved by the unwanted thoughts and calculations he couldn't keep out of his mind.

> When caring for an aging parent, irreproachable selflessness doesn't always come easily.... My father died recently, and much as I hate to admit it, there were plenty of moments during the last year when I was consumed with an invisible ledger in my brain: my inheritance versus his health costs. Fifteen hundred dollars a week on this, six thousand a month on that. It could all add up to leaving nothing. Not that I tried to staunch the flow, but even thinking about it was an ugly thing.[5]

Where there have been hard feelings from years of family conflict, it's even more difficult, especially when the children are themselves feeling their age and struggling to deal with it.

"I spent half my damn life trying to be her good son and never made it," complains a seventy-two-year-old small businessman. "My brother has always gone his merry way; he never in his life cared about anybody but himself, but he's the one she'll never criticize. Never asks him for anything, either, but I'm her 911, the emergency on-call. My brother still thinks she's going to leave something, at least her house. But I know that was mortgaged up a long time ago, and now there's nothing left and I'm stuck with picking up the tab. I was planning to retire next year, but how can

I if I have to take care of her, too? Makes you wonder about what's in it for us to be living so long, doesn't it?"

I listen to him and remember when, in my early seventies, I was still dragging myself across the country to see to the care of my mother, then in her nineties, and wondering how much longer I'd have to do this. *When do I get to be old?* I asked myself resentfully. *When will it be my turn?* For me, it wasn't about inheriting money; she didn't have any. But the burden of caring for a parent, the reversal of roles, is a difficult situation for any child, no matter how old. When it's a parent who was unloving, cruel, or neglectful, even the most generous can't help being resentful, can't help feeling the unfairness of it all.[6]

The children's concerns, however, are only one side of the story. Parents worry about money, too, about how much they have, about whether they can spend it, about what they might leave to their children. Look, for example, at the T-shirts emblazoned with "I'm spending my kids' inheritance" that sell so well in tourist centers around the world. I smiled the first time I saw someone wearing one of those shirts, thinking it was a cute joke as well as a statement about the freedom from responsibility the wearer felt. But there's an underside to the humor, as there nearly always is, a side that suggests parental anxiety about what they're doing, that speaks to their ambivalence, their need to rationalize, to convince themselves that they have a right to spend their money just to enjoy themselves, that they deserve it. Why else would they need to proclaim it to the world?

Given the history of the older generation, it's no surprise that money is on their minds. Anyone over seventy-five today grew up after Black Thursday, October 24, 1929, the day the stock market crashed and plunged the nation into the Great Depression. Between 1930 and 1932, banks came tumbling down in ever-increasing numbers, leaving millions of families penniless when they closed their doors. The panic, the pain, the terror of those days are seared in my memory, as they are for anyone who bore witness: the shocked silence as people stood in front of the neighborhood bank willing it to open, the confusion when they realized it would not, the surging crowd banging on the doors and windows and demanding entry, the weeping and shouting as if someone had died.

While the Roosevelt years eventually brought social welfare programs to ease some of the pain, it wasn't until after Germany invaded Poland on September 1, 1939, that preparation for war jolted a still-stalled economy back into action. Factories that had been idle were soon humming again, people who hadn't worked in years found jobs, and the Depression was finally beaten back. By the time the war ended in 1945, the United States emerged as the world's only economic superpower, and the next two decades saw the greatest and most sustained economic boom in our history.

These are the large social events that forged the old of our time: the fear, uncertainty, and poverty of the Great Depression, followed by a world war, and then by economic prosperity they would never even have dreamed of. It's an extraordinary story: The parents who now think about passing wealth on to their children are the same people who grew up when more than half of all Americans lived below a minimum subsistence level, when per capita income in 1929 was $750 a year, and when a half million dollars was a fortune. In 1939, when I got my first job, I earned $6 a week and thought I was lucky. Since then, I've gone from a tenement in an immigrant ghetto in the Bronx to San Francisco's Nob Hill—the epitome of the classic American dream.

Not everyone climbed the ladder equally well. Some, African Americans and other people of color, were kept off it by the prejudice and legally sanctioned discrimination that dominated our society at the time. But the war and its aftermath took most of white America up on the flood tide of an expanding economy. After spending our childhood and youth in some level of deprivation, we lived our early to middle adulthood in the postwar economic boom that brought us to working- and middle-class stability, and for the most affluent, our late middle-age and early old-age during the stock market surge of the 1980s and early 1990s that took us into old age with more money than we ever imagined could be ours. I still remember when, sometime soon after the end of World War II, I said longingly to my then husband, "All I want is $20,000 a year so that we never have to worry about money again." And he thought I was asking a lot.

Small wonder, then, that we take pride in being able to do for our children what our parents couldn't do for us, in helping them out when they need it—whether with college tuition, the down payment on a house, or contributions to the grandchildren's education—and now in wanting to leave them some significant inheritance, even if only as a reminder that we were here.

"My parents weren't able to do anything for me; they didn't have enough for themselves," explains a ninety-two-year-old woman who came into old age with about $1.5 million in assets. "I've always thought I wanted to leave something for my kids, you know, something that would help them along after I'm gone, but . . ." She stops speaking, sighs heavily, then says, "I don't know if I will. Living here [an assisted-living facility] is expensive, and between what we spent on my husband's care and now this, I've already used up a very big part of what I thought they'd get."

"How old are your children?" I ask.

She smiles, "Yes, I know, they're not kids anymore. Funny, isn't it, the way we refer to 'the kids,' when my son just turned seventy-three and my daughter, I think she's seventy-one. They don't really need my money, either; it's just . . ." She's silent again, looking for words, "I don't know, I guess I just wanted them to have something to remember me by."

Her thoughts follow me long after I leave the interview and contemplate my own feelings about leaving my daughter an inheritance. I'm aware, as the woman I spoke with surely is about her own children, that it isn't money that will help her remember me. Yet something inside me needs to leave her something substantial, something she'll always know came from me. It makes no difference, either, that she doesn't need it. This is for me, not for her, this is my need to say to her, "I'll still be there, still take care of you, even from the grave."

I know that this is more than maternal altruism, that it's my narcissistic wish to mark my presence after I'm dead that's speaking as well. I know, too, that in helping mold her into the woman she's become, I've already left a mark far more indelible than money. And I even know that no matter what material goods I may pass on, my most enduring legacy will be her memory of a tightly bonded intimate connection like no other, an internalized "mom" who, she herself says, will live inside her long after I'm gone.

Why, then, is leaving her money so important to me? The answers that come are vague, inconsistent, unsubstantial—feelings, not words—feelings about my own impoverished childhood, about my mother, who was so weighed down by the need to feed and shelter our bodies that she couldn't think about nourishing the soul; feelings about the fact that I never received a gift from my mother, not when she was alive, not when she died. I promised myself, on the day my daughter was born, that I would be a different kind of mother, give her a different kind of life. Having fulfilled that promise is an accomplishment more important to me than any book I've written, any professional recognition I've received. And giving her this last gift seems the final fulfillment of that pledge.

But I've been speaking until now about the affluent, about children who after a lifetime of comfort feel entitled to share in their parents' wealth, about parents who have the ability to make choices about what to do with their money, who have the luxury of even thinking about their children's inheritance. In reality, despite all we hear about this being the wealthiest cohort of aged people in history, wealth, it turns out, is relative. In this case, relative to how bad it was before.

This is yet another time when we need to look behind the relentlessly upbeat headlines about old age to see what it's about for most Americans. According to the Federal Reserve, half the households with people close to retirement have less than $55,000 in savings, one-quarter have less than $13,000,[7] and median pre-tax family income in 2005 was $46,242,[8] hardly enough to permit the savings that would guarantee a comfortable old age. For people over sixty-five it's much worse: $23,787. True, the net worth of the over-sixty-fives is considerably higher than the median for all Americans, $108,885 versus $61,300, but most of their wealth is in non-cash assets, meaning the house they own.[9]

Presently two-thirds of American retirees rely on Social Security for 50 percent or more of their income; for one in five it's the only source of income. With an average monthly Social Security check of $963 for a retired worker and $1,583 for a couple where both are beneficiaries,[10] more than a few Americans are likely to be eating cat food as the month winds down and they await their next check.

This isn't to say that some significant segment of retired people aren't better off than they were a few decades ago, only that we still have a very long way to go before most old people—especially women and single men, who fare the worst—are able to live moderately comfortably in retirement. Indeed, given how long they're likely to live, even the lucky ones who come to retirement with substantial savings will probably spend a good part of their old age living close to the edge, or falling off it. Small wonder they're busy counting up the years and their money and fearing that the former will outlast the latter.

Forty years ago, it was easy. If a man lived to sixty-five, he could expect to have just three years left. Now the same man can count on twenty. Ask people who are considering retirement and can't quite make the decision and, unless their income is in the stratosphere, almost invariably they'll say their hesitation rests, at least in part, on their uncertainty about whether they have the financial backup to manage the long years that are probably ahead. Talk to people who are already retired, and you hear that even those who have some substantial savings live with the nagging fear that they'll run out of money.

"I used to think we'd be fine when I couldn't work anymore, but I look at it now and see that we're going to run out of money," says a seventy-year-old man who was forced into retirement when his firm merged with another two years ago. "I don't mean to complain; with a few hundred thousand you can't say we're poor, but my wife and I are both pretty healthy, and with the cost of living being what it is and seeing how long we're probably going to live, what we have isn't going to take us very far."

He looks down at his lap, balls his hand into a fist, then continues. "Boy, life's a crapshoot, isn't it. They tell you to prepare, and we did, but now what? It really pisses me off. You get here, and you can't enjoy your life because you're going to live so long." He stops talking again, then makes a noise that's somewhere between a laugh and a cry. "Christ, this is nuts; here I am complaining about living so long. Are you hearing that from other people?"

The answer is yes. For this is another of those moments when the tale of aging in America reveals both a gift and a burden —the gift of years that lies right alongside our fears that we won't be able to live them well, whether financially, physically, or emotionally.

Not surprisingly, I'm hearing the same anxieties from their adult children, many of whom are at a loss to figure out how to take care of their parents while also protecting their own retirement.

"They can't live on their Social Security alone, and except for their house, they've got very little else," explains a forty-nine-year-old man who's struggling to help finance his children's education. "We're the kind of family that doesn't talk about money, but I'm pretty sure they didn't have much when they retired, and I know it's close to gone because they're always worried these days. If they sell the house, which is mostly paid off, they'll have a couple of hundred thousand, but how far will that go? And anyway, where will they live?

"I love my parents, they're good people, but you can't help wondering: How long will they live? My mom's only seventy-two and Dad's seventy-six, which isn't very old these days. If I have to take care of them, and I will, what happens to me and my family? What about my retirement? Who's going to take care of that?"

The answer is: nobody. There's Social Security, of course, but at best it promises a life at the bare subsistence level. It's a puzzle, isn't it? We'll spend untold millions on research to keep people living longer and longer but almost nothing to ensure that they can live those years in reasonable comfort. Until we acknowledge these contradictions and change the policies that flow from them, more than a few children will impoverish themselves to help pay for the care of parents who have outlived their savings.