The Prepared Heir

How to Receive an Inheritance
Without Losing It, or Yourself

Book 3 of The Beaumont Legacy Series

Sterling Beaumont

Infinity8 Publishing

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Tax rules, including the rules for inherited retirement accounts, change often, and laws vary by state. Figures in this book are for 2026 unless stated otherwise. Check current rules with a qualified professional before acting.

The family in this book is a composite created to show common situations heirs face. It is not an account of real people or clients, and any resemblance to actual persons, living or dead, is coincidental. The legal, financial and psychological perspectives in each chapter are the author's synthesis of the questions those professions typically raise; they are not statements by any named professional. The professionals quoted in this book express their own views; their inclusion does not mean they have reviewed, endorsed, or validated this book or its conclusions. Statistics are attributed to the sources named in the Notes and should be checked against those sources before being relied upon.

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A Note Before You Begin

The first two books in this series, *The $84 Trillion Shift* and *Legacy Without Conflict*, were written for parents: the people who build something and decide how to pass it on. This one is written for the people on the other side of the table.

If you've just inherited, or know you're about to, you may be feeling several things at once. Grief. Relief. Guilt about the relief. Anxiety about getting it wrong. Pressure from people who seem to know exactly what you should do. And, underneath it all, a strange loneliness, because this is supposed to be good news, and it doesn't feel like it.

That's normal. So is not knowing what an inherited IRA is, or whether to pay off your mortgage, or what to say when your brother-in-law asks for a loan. Nobody teaches this. Most people inherit once or twice in their lives, usually in the worst week of the year, and are expected to make decisions that last decades.

This book won't make those decisions for you. It will show you, one decision at a time, how an attorney, a financial advisor and a therapist would each look at it, and help you arrive at an answer you understand and can live with.

The research on what heirs do with their money isn't encouraging. Studies suggest that many people spend or lose a large part of what

they inherit, often within a few years. That isn't because heirs are foolish. It's because they're grieving, rushed and unprepared, and because the people around them have plans for the money too.

You don't have to be one of them. You just have to slow down, learn a few things, and decide what the money is for before anyone else decides for you.

I'm not a lawyer, a financial advisor or a therapist, and this book is no substitute for any of them. It will keep sending you to them, with better questions than you would otherwise have had.

— Sterling Beaumont

How to Use This Book

This is not a legal or investment guide. It won't tell you which funds to buy or how to file your taxes. It is a guide to the decisions an heir faces, in roughly the order they arrive, and to the conversations that come with them.

Part I is about the first weeks and months: why heirs so often lose what they inherit, and what to do, and not do, in the first ninety days. Part II is the heart of the book: nine decisions, one per chapter. Part III is about making the inheritance your own: deciding what it's for, and eventually passing something on yourself.

One heir

You'll follow one heir throughout. If you've read *The $84 Trillion Shift*, you've met her. Sarah is the youngest of Robert's three children. When her father died, her share of his estate went into a joint account with her husband, Dan, and into Dan's struggling business. Two years later the business had closed, the money was gone, and the marriage was ending.

Nine years after her father's death, Sarah's mother, Eleanor, dies. Eleanor learned from what happened to Robert's estate, and she planned carefully. This time, Sarah will inherit about half a million dollars: part of a house, an IRA, a Roth IRA, investments and cash.

She is 44, a middle-school art teacher, divorced, with an 11-year-old daughter, some debts, a partner named Chris, and a very clear memory of what went wrong the first time.

You don't need to have read the first book. Everything you need to know about Sarah is in this one. And if your inheritance is $30,000 rather than half a million, the decisions are the same; only the numbers are smaller.

Three perspectives on every decision

Each decision chapter sets out three ways of looking at it, the same way the other books in this series do:

- **The legal perspective:** what you own, what you're entitled to, and what deadlines and rules apply.
- **The financial perspective:** what each option costs, what it earns, and how it's taxed.
- **The psychological perspective:** what the money means to you, and how each choice will feel to you and the people around you.

Then comes **the integrated decision**: the answer that takes all three into account. Each decision chapter ends with **the conversation** (what to say, and to whom) and **Take This to Your Next Meeting**: the questions to answer yourself and the ones to bring to your attorney, advisor and accountant.

Where to start

You can read straight through, or start where you are:

- **Someone has just died:** Chapter 2 and Appendix A, today.
- **You've inherited an IRA or 401(k):** Chapter 4, before you move or withdraw anything.
- **You've inherited a house, alone or with siblings:** Chapter 5.
- **You don't know what you've inherited yet:** Chapter 3.
- **You need an advisor:** Chapter 6.
- **You're married or in a relationship:** Chapter 8.
- **People are asking you for money:** Chapter 9.
- **Your inheritance is in a trust:** Chapter 10.
- **You disagree with the executor, trustee or your siblings:** Chapter 11.
- **You're a parent preparing a child to inherit:** this book is for them, but Chapters 1, 7, 8 and 13 may help you talk to them about it.

PART I

Before You Decide Anything

CHAPTER 1

The Second Inheritance

Jennifer called on a Thursday in March, a little after six in the morning. Sarah knew before she answered.

Their mother had had a stroke in the night. By the time Sarah had dropped Maya at a neighbor's and driven the forty minutes to the hospital, Eleanor was unconscious. She died two days later, with all three of her children in the room. It was, the nurse said afterward, a peaceful death. Sarah supposed it was.

The funeral was on a Wednesday. Michael gave the eulogy and managed it without breaking down until the last line. Jennifer had organized everything: the flowers, the hymns, the reception in the church hall. She'd had a list. Their mother had left her one, along with a binder, a letter of wishes and the name of the funeral home.

Afterward, in the parking lot, Jennifer handed Sarah a white envelope with her name on it in their mother's handwriting.

"Mom asked me to give you this after," she said. "There's one for each of us. I haven't read yours."

Sarah didn't open it until she was home, after Maya was asleep. It was one page long.

Sarah,

I know what happened last time, and I know you still blame yourself for it. Please don't. Nobody prepared you. Your father didn't, and I didn't either.

This time I've tried. Jennifer has the binder, and the bank is helping her. You'll each receive a third of what's left. Some of it is in my IRA, and Jennifer knows you'll need help with that.

I'm not going to tell you what to do with it. I trust you. I'll only ask one thing: take your time. Don't let anyone hurry you, not even someone you love. Decide what you want it to do for you and Maya, and then do that.

I love you. Go easy on yourself.

Mom

Sarah read it three times. Then she sat at the kitchen table, her mother's old table, which her mother had given her when she downsized the dining room, and cried for a long time.

The first time

Sarah had inherited once before.

When her father died, nine years earlier, his estate had spent eighteen months in litigation between his three children. By the time it was over, Sarah's share was a little under $290,000. It was wired into the joint account she shared with her husband, Dan.

Dan had a plan for it before the money had cleared. His landscaping business was struggling, and $150,000 would pay off the equipment loans and let him take on two more crews. It was a reasonable idea. Sarah had never managed more than a household budget. She'd never met her father's advisor. She didn't know whether the money

should be kept separate, or whom to ask. She was exhausted, and still grieving. So she said yes, mostly to end the argument.

Two years later the business had closed, and the money was gone. Sarah and Dan separated the following spring.

She has told herself many stories about that money since. That she was naive. That Dan took advantage of her. That it would have been gone anyway. The truest story, she thinks now, is the one in her mother's letter: nobody had prepared her.

This time, she is going to inherit about half a million dollars: a third of her mother's house, a third of an IRA and a Roth IRA, a third of an investment account, and some cash. She is 44. She teaches middle-school art. She has a mortgage, a credit card balance she's ashamed of, a car loan, a retirement account that is smaller than it should be, and an 11-year-old daughter. She also has a partner, Chris, whom she loves and who has never once asked her about money. And she has an ex-husband who, she suspects, will hear about this before the month is out.

This book follows Sarah through her second inheritance, one decision at a time.

What happens to inheritances

Sarah's first inheritance is not an unusual story.

The most useful research on what ordinary Americans do with inheritances comes from economist Jay Zagorsky, who followed thousands of people over decades using the National Longitudinal Survey of Youth. His 2013 study found that, on average, people

saved roughly half of what they inherited and spent or lost the other half. About a third of people who inherited saw no increase in their wealth, or a decline. And among those who inherited $100,000 or more, nearly one in five had spent or lost all of it.

You'll see more dramatic statistics elsewhere: that 70% of inheritances are gone within a generation, or that a third of heirs are worse off within two years. Most of them are either misquoted or impossible to trace to a reliable source, so I haven't used them. The real picture is dramatic enough. A large share of inherited money doesn't do what the person who left it hoped it would.

Why heirs lose what they inherit

It's tempting to blame bad choices: a fancy car, a bad investment, a relative's business. Those are how the money goes. They aren't why. When you look at the stories of heirs who lost an inheritance, the same few causes appear again and again.

Grief

Inheritances usually arrive in the worst year of a person's life. Grief makes it hard to concentrate, easy to be persuaded and tempting to make the pain stop by doing something. Sarah said yes to Dan partly because saying no would have meant another argument, and she had nothing left to argue with.

Speed

Money that arrives as a single large sum feels like it needs a decision. People feel they should "do something" with it: pay off everything,

invest it, help someone. Most early decisions about inherited money are made faster than they need to be.

Other people's plans

Almost every heir finds that someone else has a plan for their inheritance: a spouse, a sibling, a friend with a business idea, a salesperson with a product. Some of those plans are good. All of them arrive before the heir has a plan of their own. Dan's plan for Sarah's money was ready before the money cleared.

Mixing

Inherited money that's deposited into a joint account, or used to pay joint debts, stops being clearly the heir's. In a divorce, it may be treated as shared. In daily life, it simply disappears into the household. Sarah's inheritance went into a joint account on the day it arrived.

No idea what it's for

Most heirs have never thought about what they'd want an inheritance to do. Without a purpose, money drifts toward whoever has the strongest claim on it, or the loudest.

The hope that money will fix things

Sometimes, without quite admitting it, people hope that an inheritance will solve a problem that isn't really about money: a struggling marriage, a sense of failure, a relationship with a sibling. It rarely does.

Bradley Hansen, a financial counselor who spent twenty-five years in financial services, has seen this hope many times:

> "Families often enter a wealth transfer with the perception that the windfall will somehow act as a panacea to the underlying challenges the family had been dealing with long before the transfer happened. I wish families would learn to acknowledge, accept and get to know their emotional challenges individually and as a family unit before any relatively large sums of money get passed down."

Sarah's first inheritance was supposed to save Dan's business, and, though neither of them said so, their marriage. It did neither.

What's different this time

Sarah's mother learned from Robert's estate. After her letter, Eleanor did almost everything the first book in this series recommends. She put her house and investments in a revocable trust. She updated every beneficiary form. She chose Jennifer as successor trustee and asked the bank to serve alongside her. She held a family meeting every year, the weekend after Thanksgiving, for six years. She wrote each of her children a letter.

So Sarah's second inheritance is arriving in a very different way from her first. There's no litigation. Everyone knows where everything is. The trust will be administered by her sister and a bank, with records and reports.

But there's one thing Eleanor couldn't prepare: Sarah herself. Her mother could put the money in order. Only Sarah can decide what to do with it, and whether, this time, it will still be there in ten years.

That's what this book is about. Not how your parents should have planned, but how you can receive what they left, protect it, and make it yours.

Your next steps

- **Read Chapter 2 before you do anything else.** It explains what has to be done in the first ninety days, and what can wait.
- **Write down what happened last time,** if you've inherited before, or what you've seen happen to others. What would you do differently?
- **Write down who already has a plan for your inheritance.** You'll need the list in Chapter 9.
- **If your parent left you a letter, keep it where you'll see it.** It may be the most useful document you have.

END OF THE FREE SAMPLE

What will Sarah do this time?

Her first inheritance went into a joint account and was gone in two years. This time it's part of a house, an IRA, a Roth IRA, investments and cash, and a partner who suggests they buy a place together with her mother's money.

The rest of the book takes each decision in turn, with the legal, financial and human view of every one, word-for-word conversation scripts, and a page to take to your next meeting.

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Sarah's family is a composite. This book is educational and is not legal, tax, investment or financial advice.