What kind of mess are you leaving for your kids?

Most Baby Boomers have spent their lives accumulating. Today’s younger generations tend not to accumulate assets the way their parents and grandparents did. What’s more, they often don’t have an interest in family heirlooms (their parents’ junk). Why put the burden on your children to get rid of your stuff when you die or move to a smaller, simpler lifestyle? It might be time to start decluttering and decumulating.

The following are some tips for decluttering your financial life:

• Minimize the number of bank, investment, IRA, and retirement plan accounts you have. Fewer accounts make it easier to monitor and can reduce account fees.

• Automate recurring payments to help avoid missed payments, late fees, and credit rating damage.

• Organize all insurance policies, retirement plans, and investment accounts into a binder, along with financial account names, numbers, and passwords. Keep the binder in a secure place, but make sure someone you trust has access.

• Review your beneficiary designations on plans that will pass directly to your heirs. Make sure you consult with a tax specialist when designating beneficiaries for retirement accounts and annuities. Certain beneficiary designations will cause immediate taxation to the beneficiary. If done correctly, the income taxation from these plans can be spread over many years after you die.

• Discuss setting up a revocable living trust to hold your assets with your estate planning attorney. A revocable trust can allow you to provide successor management for assets in the trust when you die or become incapacitated. Additionally, assets owned by the trust do not have to go through the probate process.

• Document what medical care you wish to receive and what procedures should be withheld using a living will and/or health care directive. Make sure your family knows your wishes and appoint someone who can make the tough call.

• It might also be a good time to talk to a retirement decumulation planner. The financial planner who helped to accumulate your retirement assets may not have the skill set to help plan the best way to use your money in retirement. There are ways to structure your retirement to help ensure you won’t run out of money if you live longer than expected.

What about all of your other stuff?

If you are thinking of giving your stuff to your kids and grandkids, you might want to think again. It might be time to start inquiring what items, if any, your children want and don’t want. If you have stuff that you will likely never use and you know your kids and grandkids don’t want, now might be the time to get rid of those items.

Why force your kids to go through your stuff when you can go through things now, sell the stuff you don’t need or give it away to someone who could use it?