Wealth with Wisdom: Leaving Educational Legacies in Your Estate Plan

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By Candace Dellacona

As estate planning attorneys, we guide our clients in distributing their wealth to the next generation efficiently. However, Guy Fieri and Shaquille O'Neal recently made headlines by stating that their children need to earn two degrees to inherit from them. There is a trend articulated in the headlines, namely that tying inheritances to education goals, especially the size of inheritances from celebrities like Shaq, should contribute to the personal and intellectual growth of your children. Conditions requiring certain educational milestones or that an inheritance may only be used toward this goal in order to inherit from a loved one can be a powerful way to leave a lasting impact.

The following are a few tips to consider when exploring the idea of leaving assets in your estate plan with educational conditions for your children, emphasizing the importance of combining financial legacy with a commitment to lifelong learning.

The Purpose of Leaving Educational Legacies:

1. **Empowering Future Generations**: When a condition of education is articulated in an estate plan, a message is received. That message, stating that education is a prerequisite to receiving an inheritance, not only encourages your child to pursue additional education but also sends a message that you believe life is more than just financial security, that education is a prerequisite to obtaining that financial security. It is the hope of many of my clients who choose to have educational prerequisites in their estate plan that they not only instill the importance of learning but perhaps demonstrate that education can empower them to also accumulate wealth for future generations.
2. **Fostering a Growth Mindset**: A requirement that a child meets an educational condition can also encourage a "growth mindset." Many clients see this condition as a conduit to inspire their children to embrace the *challenge* of higher learning. So many of our clients who worked hard to accumulate their own wealth have concerns that simply handing over an inheritance will mean that their own child will never face the challenges that the client has faced nor understand the value of "hard work" or the "struggle" to succeed and accumulate wealth. Placing a "two degrees" condition on an inheritance might be a way for your child to not only prove to themselves that they are up to the challenge, but the hope is that further education will also better equip the child to not only manage the inheritance more efficiently but also have a greater appreciation for that inheritance.

How to Create Educational Conditions:

1. **How the Funds Can be Spent?** Your Will or Trust is your "universe," and therefore, it can define the educational conditions and expenditures as you see fit. For example, an inheritance can be left in trust, and distributions might only be made for tuition and educational expenses related to pursuing a college or an advanced degree. You may even specify what portion of the inheritance can be allocated to cover the costs associated with pursuing a degree and further define those expenses (i.e., books and transportation but not living expenses). The requirements can be even more granular to state that an inheritance can only be used to pay for graduate school in a particular field of study that a parent deems

worthwhile.

2. **Educational Attainment Milestones**: Like Shaq and Guy, many clients determine that their child's entire inheritance is conditional upon earning a degree. As Shaq said so eloquently, "No cheese without two degrees." Guy has made public statements following Shaq's lead. Unless the O'Neal and Fieri children earn *two* college degrees each, they will not inherit at all from their fathers. Milestones like these are easy to add to an estate plan and are easily enforceable. As already mentioned, the spirit behind the milestones is to foster that growth mindset and empower their family's future generation to ensure a more educated family tree. The hope is that the more educated the child, the more responsible they will be in managing those assets and preserving the wealth for generations to come.

Important Details to Consider:

1. **Flexibility**: Life is unpredictable, so it's important that your estate planning documents are drafted in such a way that it is possible to adapt to life's changing circumstances, particularly for your children. It is essential to design your educational conditions with flexibility to accommodate unforeseen challenges or opportunities for your children. Perhaps this means that you should extend the scope beyond traditional education to include opportunities for professional development, ensuring your children are equipped for success in their chosen fields. What happens if your child, while responsible and hardworking, is not college-bound? Conditions can also be tied to earning a vocational degree or being gainfully employed. Additionally, conditions can be tailored to encourage entrepreneurial ventures to foster their creativity or business acumen.
2. **Communication**: Communication is key! If you want to empower your children and foster a growth mindset, you need to share this with your children. Therefore, it is so important when these types of estate planning conditions are imposed that they are communicated transparently to your children so that they have the opportunity to meet and exceed the conditions. It would be best to discuss your intentions with your children so they fully understand the conditions, how the funds can and cannot be used, and your rationale for imposing these conditions.
3. **Trusteeship**. It cannot be understated how important it is to appoint a Trustee who will not only enforce the terms of your educational conditions but also understand and respect them. A trustee will enforce the terms of the conditions to ensure that all of the terms are met by your children. Most importantly, the trustee will be your voice long after you're gone and can help communicate those educational conditions to your children so that they can successfully manage their inheritance and their future security.

In conclusion, leaving assets in your estate plan with educational conditions for your children is a profound way to extend your influence beyond your lifetime. By intertwining financial legacies with a commitment to education, you not only provide for their immediate needs but also empower them with the tools to thrive intellectually and professionally. As you plan for the future, consider the legacy of wisdom and knowledge you can pass on to future generations, leaving a lasting impact on their lives.