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**May 2015**

**BLUM'S Q & A WITH WARREN BUFFETT**



**Adam Blum and Marvin Blum**

I was honored to have the opportunity to ask Warren Buffett a question on Saturday at Berkshire Hathaway's 50th Annual Shareholder's Meeting. On a day devoted to investing, I feel it's important to have an **estate planning moment** and get some wisdom from the Oracle of Omaha. Here's my question:

*"...At the annual meeting a couple of years ago, I asked about your estate plan and your idea of leaving kids enough so they can do anything, but not so much that they can do nothing. (Click on this link to read the 2013 Q & A with Mr. Buffett: [May 2013-Q&A With Buffett](#)).*

*Today, I'd like to ask about your decision to sign The Giving Pledge, promising to give away at least half of your assets to charity. Can you talk about your views on philanthropy and how to balance leaving an inheritance to your family versus leaving assets to charity?"*

Buffett's response was very insightful, containing the following ideas:

**Plan ahead of time.** There are many estate planning opportunities available now to set aside assets for your children and get those assets out of your estate. Once your family's inheritance is secure, it opens the door to leave the rest of your assets ("over 99% in my case") to charity

and avoid paying estate tax.

**Planning is an individual thing.** Regarding planning, "everybody has to develop their own feelings about it and should follow where they go." The same applies in selecting what causes you want to support. "It's a very individual thing ... But I would say, start thinking about it."

**Know your family.** Buffett believes that "limited amounts do some real good for my children, so I'll be sure that they have that." Consider what size inheritance fits your family.

**Ask yourself, "Where does it do the most good?"** "There's no Forbes 400 in the graveyard ... when I look at a bunch of stock certificates in a safe deposit box that were put there fifty years ago or so, they have absolutely no utility to me. Zero ... So, here are these things that have no utility to me, and they have enormous utility to some people in other parts of the world. They can save lives. They can provide vaccines. They can provide education. They have all kinds of utility. So why in the world should they sit there for me or for some fourth generation of great-grandchildren or something when they can do a lot of good now?"

**Start thinking about it now.** "When I call people on The Giving Pledge, I'll get some 70-year old, and he says, 'you know, I don't wanna think about it yet.' I always tell them, 'well, are you gonna make a better decision when you're 95 with some blond on your lap?' Plan now while you are thinking clearly and can help guide your family.

If you are interested in following Buffett's advice to pre-fund your family's inheritance, we can assist you with estate freeze planning, which uses every measure possible to transfer wealth and avoid estate tax. There are ways to do this where you can retain access to your assets and control over your assets.

Once you have completed the pre-funding process, you can join Buffett in what we call the "dessert of estate planning" --charitable giving. Enjoy the sweetness of your generosity to philanthropic causes by creating a private foundation, a charitable lead trust, a charitable remainder trust, a donor-advised fund, or other charitable vehicles.

Click here to see a chart of the planning: [Estate Planning Chart](#)

Click here to read the Q & A transcript: [Q & A with Buffett-May 2015](#)

Whatever your individual situation, we would welcome the opportunity to sit down with you and discuss what plan fits your needs and goals.

**Sincerely,**

*Marvin Blum*  
The Blum Firm, P.C.

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The Blum Firm, P.C. | 777 Main Street, Suite 700 | Fort Worth | TX | 76102