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May 2013

Blum's Question to Warren Buffett Draws Media Attention

Marvin Blum (pictured on the far left) generated quite a bit of media coverage this past weekend when he posed a question to Warren Buffett at the Berkshire Hathaway annual meeting, where an estimated 35,000 shareholders gather each year in Omaha. Marvin's question and a summary of Warren Buffett's comments are below.

"I'm an estate planning lawyer, and it's interesting as we wrap up today to ponder that the baby boomer generation is about to pass along the greatest transfer of wealth in history. I can design plans that eliminate estate tax and pass down great amounts of wealth to the next generation, but many of my clients come to me and say they want a plan like Warren Buffett's, leaving their kids enough so they can do anything, but not so much that they can do nothing. Now they ask me, and I am asking you, 'How much is that, and how do you keep from ruining your kids?'"

The following is a brief summary of Mr. Buffett's insightful response:

- I think that more of our kids are ruined by the behavior

of their parents than by the amount of the inheritance.

- I rewrite my will every five or six years.
- When your children are old enough (mid-thirties or thereabouts), you should explain your estate plan to them - It's crazy for them to read the will for the first time after you're dead.
- If your child is named as executor, your child should understand how to carry out his or her obligations that are embodied in the will before I sign that will, and we should talk it over.
- Rather than creating a dynasty of sorts, if you're very wealthy, the money can have far more utility to society than to create a situation where your kids don't have to do anything in life except call a trust officer once a year and tell him how much money they want.
- If you're going to leave each of your children different mixes of assets, you want to make sure your definition of equality is understood by the children.

Marvin's question drew immediate attention in the news media with coverage in *The Wall Street Journal*, *The New York Times*, *The Washington Post*, *Bloomberg Business Week*, *The World-Herald*, and commentary from these sources was syndicated and reprinted globally by many other outlets.

For a complete transcript of Marvin's Q & A as well as the media coverage from this discussion, please click on the links: [Media Coverage](#) and/or [Q & A with Warren Buffett and Marvin Blum](#).

As Warren Buffett emphasized, no matter the size of your wealth, it is very important to be prepared and have an estate plan that fits the needs of your family. Please contact us if we can assist with your planning.

Sincerely,

Marvin Blum
The Blum Firm, P.C.

Please be aware that this email cannot receive replies. If you would like to contact us, please email us at blum@theblumfirm.com or click [Attorneys](#) to locate the information for the attorney that you would like to contact.

Q & A with Marvin Blum at Berkshire Hathaway Shareholder's Meeting in Omaha, Nebraska on May 4, 2013

Marvin Blum's question (toward end of afternoon):

Marvin Blum: "I am Marvin Blum from Fort Worth, Texas, home to four of your companies."

Warren Buffett: "Oh, Fort Worth! We love Fort Worth."

Marvin Blum: "Thank you. We love you too and your presence in our community. I'm an estate planning lawyer, and it's interesting as we wrap up today to ponder that the baby boomer generation is about to pass along the greatest transfer of wealth in history. I can design plans that eliminate estate tax and pass down great amounts of wealth to the next generation, but many of my clients come to me and say they want a plan like Warren Buffett's, leaving their kids enough so they can do anything, but not so much that they can do nothing. Now they ask me, and I am asking you, 'How much is that, and how do you keep from ruining your kids?'"
[Crowd applauds]

Warren Buffett: "I think that more of our kids are ruined by the behavior of their parents than by amount of the inheritance ... [applause] ... Your children are learning about the world through you and more through your actions than they are through your words. From the moment they're born, you're their natural teacher. And it is a very important and serious job, and I don't actually think that the amount of money that a rich person leaves to their children is the determining factor at all. In terms of how children turn out, I think that the atmosphere, and what they see about them and how their parents behave are more important. I'll say this. I've loosened up a little bit. Every time I rewrite my will, my kids are happy, because they know I am not reducing the amount. Anyway, and something else I find, which I think is an obvious thing; it is amazing how many people don't do it. Your children are going to read the will someday, assuming you're a wealthy person. It's crazy for them to read it after you're dead for the first time. You're not in a position to answer questions unless the Ouija board really works or something of the sort. So, if they're going to have questions about how to carry out your wishes or why you did this or that, why leave them endlessly wondering after you die? So, in my own case I always have my children, when I rewrite my will every five or six years, and I have them read it, and if they're an executor under it, they should understand how to carry out their obligations that are embodied in the will, and also if they feel there is anything unfair about it, they should express themselves before I sign that will, and we should talk it over. So I do think it is very important in wealthy families once the kids are a certain age, I wouldn't do this for a fourteen year old, by the time they're in their mid-thirties or thereabouts, they should be participants in the will, and I do think that if you're very wealthy, the idea of passing it on, creating a dynasty of sorts, as far as I am concerned, if you're dealing with hundreds of millions or billions, the money has far more utility to society than to create a situation where your kids don't have to do anything in life except call a trust officer once a year and tell him how much money they want. Charlie?"

Charlie Munger: "I don't think I want to go into this one. I am absolutely sure you don't want to discuss your will with your children if you're going to treat them unequally. That is poison. One of the problems you have, and what you want to discuss just for that very situation is,"

Warren Buffett interrupts: "...there may be circumstances where one child has much more of an interest in one type of an asset or another, and you want to make sure that your definition of equality in terms of handling different kinds of assets meshes or at least is understood by the children so that they don't think that you gave a farm or a house or something of that sort that resulted in inequality when you thought it was equality. Charlie, anything else?"

Charlie Munger: "No."

Warren Buffett: "He's staying away from this one."

Media coverage of Marvin Blum's question:

Washington Post - http://www.washingtonpost.com/business/from-coal-miner-protests-to-bonbon-making-a-news-roundup-from-buffetts-annual-meeting/2013/05/04/8f82a500-b4eb-11e2-9fb1-62de9581c946_story.html

BUFFETT'S BENEVOLENCE:

Warren Buffett has pledged to eventually give away all of the Berkshire Hathaway stock that made him one of the world's richest men, but he doesn't want to spoil his children.

At Saturday's Berkshire shareholder meeting, an estate planning lawyer asked Buffett for advice on how his clients should determine how much is too much to leave their children.

Buffett says the size of an inheritance probably isn't the most important factor in determining what kind of people children grow up to be.

"I think more kids are ruined by the behavior of their parents than by their inheritance," Buffett said.

The 82-year-old Buffett says he has been getting more generous as he ages, so every time he revises his will these days he tends to leave more to his children.

And Buffett says he lets his kids read his will each time it's changed.

WSJ - <http://blogs.wsj.com/moneybeat/2013/05/04/live-blog-berkshire-hathaways-annual-meeting/>

An estate planner in Fort Worth, Texas, asked Buffett how to plan for leaving children enough but not too much.

Buffett responds first that he thinks "more children are ruined by the actions of their parents."

"The atmosphere and what they see about them is enormous," Buffett said, not focusing on the funds.

"Your children are going to read the will someday. It's crazy to let them read it the first time after you are dead," he added as a little practical advice.

Munger only adds: "I'm absolutely sure you don't want to share your will with your children if you are going to treat one of them unequally."

Omaha.com - <http://dataomaha.com/berkshire> at 3:19 PM

Russ Hubbard, OWH staff: How do you not ruin your children, a shareholder asks?

Buffett: "More kids ruined by parental behavior than inheritance. Your children learn through your actions. It is important and serious job. The amount of money left by rich person is not determining factor how children turn out."

3:21

Russ Hubbard, OWH staff: Children, Buffett said, should read a will before the parent dies, to understand the obligations and inheritances.

3:21

Russ Hubbard, OWH staff: Munger: "I am sure you don't want to discuss your will with your children if you are going to treat them unequally."

Bloomberg BusinessWeek - <http://www.businessweek.com/ap/2013-05-04/shareholders-ask-buffetts-about-not-spoiling-kids>

OMAHA, Neb. (AP) — Warren Buffett has pledged to eventually give away all of the Berkshire Hathaway stock that made him one of the world's richest men, but he doesn't want to spoil his children.

At Saturday's Berkshire shareholder meeting, an estate planning lawyer asked Buffett for advice on how his clients should determine how much is too much to leave their children.

Buffett says parents' behavior is probably more important than the size of any inheritance because parents are the primary teacher for their children.

But the 82-year-old Buffett says he has been getting more generous as he ages, so every time he revises his will these days he tends to leave more to his children.

And Buffett says he lets his kids read his will each time it's changed.

NYT - <http://dealbook.nytimes.com/2013/05/04/live-blog-berkshire-hathaways-2013-shareholder-meeting/>

The Buffett Estate Planning Rulebook

A shareholder and estate planning expert takes the mic. He says that many of his clients want to follow Mr. Buffett's plan to leave his children a significant sum of money, but donate most of his enormous wealth to charity.

"The idea is leave enough to do anything, but not enough to do nothing," the investor says. "How much is that?"

The audience laughs. Mr. Buffett responds that children's behavior is often more dictated by how their parents act rather than how big their inheritance is.

Mr. Munger demurs on answering the question, saying it's a bad idea to discuss one's will with one's children — if they will be treated unequally.