

THOUGHT LEADERSHIP

# Wealth, Care, and Legacy

Financial Planning for  
Clients Without Children

Financial advisors are working with more clients who don't have children or direct beneficiaries, which requires rethinking lifestyle designs and estate planning.



The U.S. Census Bureau [reported](#) that in 2021, 16.5% of adults ages 55 and older had no kids, and 19.6% of adults ages 55 to 64 had no children.<sup>1</sup> The agency adds that this demographic will likely comprise a more significant share of the older adult population in the future.

These changing demographics mean financial advisors must help a new type of client—one without traditional heirs—which can shift estate planning and other aspects as these people reach retirement age.

Here's one example of how financial advisors may need to rethink traditional planning: According to the National Association of Estate Planners & Council's (NAEPC) *Journal of Estate & Tax Planning*, what often distinguishes non-parents from parents is that they are likely to cultivate relationships with chosen family members and non-relatives.<sup>2</sup> These chosen family structures can influence financial

planning, as individuals may use financial transfers to strengthen these relationships and rely more on formal care in their later years.

Whether the client is a never-married individual, child-free couple, or someone who cannot rely on their children, advisors must tailor financial plans to address their unique needs, including estate planning, medical decision-making, and other retirement challenges.

## Need for Support

Planning for late-in-life care is critical when children can't become caregivers. U.S. Census Bureau data show that older adults who do not have children have fewer sources of potential support within their households. The 2021 report states that about four in ten of these non-parent older adults live alone, compared to two in ten who are parents.



Non-parent adults may have fewer sources of support within their households, but Census Bureau data indicates they often have higher personal net worth and lower disability rates than parents. As a result, those with more resources may find it easier to afford late-in-life care.

Addressing healthcare costs as this cohort ages is critical. Fidelity Investment's annual *Retiree Healthcare Cost Estimate* survey from 2023 suggests that the average 65-year-old will spend \$157,500 on healthcare throughout retirement.<sup>3</sup> According to Peterson-KFF [Health System Tracker](#), medical care costs have outpaced the price of all consumer goods and services since 2000, with a 121.3% rise for medical care versus 86.1% for other consumer prices.<sup>4</sup> Clients without children have two options for paying for healthcare: long-term care insurance or earmarking part of their portfolio for healthcare needs since Medicare doesn't cover all health costs.

According to *The Wall Street Journal*, financial advisors should discuss this with clients who have no children or plan not to have any. Long-term care

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insurance is cheaper for younger buyers, making it a worthwhile discussion even for clients in their 40s.<sup>5</sup> Long-term care policies provide for health needs not covered by Medicare, including daily activities such as bathing.

These plans are costly, though. Traditional plans are cheaper, but like other insurance, the *WSJ* story explains that these policies have a "use-it-or-lose-it" aspect, which may make them unpalatable to some clients. Newer hybrid policies allow people to withdraw at least part of their money as cash and may also have a death benefit for heirs.

## Getting Trusted Help

Estate planning for people without children takes on added urgency as they need to establish who will legally advocate for them in times of need, particularly in roles for a healthcare proxy or a durable financial power of attorney.

Nieces and nephews, trusted neighbors, and friends can fill these powers of attorney roles. The *WSJ* article notes that choosing someone nearby is particularly important for the healthcare power of attorney since the client may call upon that person in an emergency.

In addition to the healthcare power of attorney, advisors need to ask whether clients have created a living will, which explains their desires for medical care, including treatments they may wish to refuse and how to handle end-of-life care.

Without a living will or healthcare proxy, a distant relative may petition courts to be legally assigned this role. *Kiplinger* points to the famous case of Terri Schiavo, who fell into a vegetative state in 1990 but did not share her wishes for care. It caused years-long fights between her husband and parents.<sup>6</sup>

Estate planners must exercise care when crafting financial powers of

attorney documents. These can be set up as “springing,” so they either take effect when a grantor is incapacitated or are effective immediately. *Kiplinger* suggests that effective planners immediately tell clients to keep them in a safe space so that the person named can only access them when the client needs help.

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## The Point of Money

Financial goals for people without children are likely different because there’s no concern about spending money on children. The NAEPC’s *Journal* says these clients are more likely to make gifts to friends and extended family. Gifts to chosen family members satisfy a similar social purpose to children and are likely central to the givers’ long-term physical and mental well-being.

These clients are also likely to be more charitably inclined. Their tax-deductible charitable giving, however, may be centered on giving while they’re alive rather than focusing on leaving a large inheritance for heirs, according to *Think Advisor*.<sup>7</sup>

That will affect how assets are distributed. These clients may not necessarily invest as much in products such as life insurance, a common tool many advisors use for clients with children. However, depending on the dynamic of their chosen family, they may still use these more traditional products.

When financial advisors and estate planning attorneys create wills for non-parents, they should consider ensuring that married or unmarried couples and singles have explicit directions for beneficiaries, *Kiplinger* says. If clients’ wills don’t state specific beneficiaries, or if assets are located in investment vehicles such as IRAs and have other listed beneficiaries, clients’ assets will go to the closest living relative. Client questionnaires may need to be expanded to ask questions beyond the traditional family structure.

Consider creating trusts for these clients to bypass probate. While setting up a trust, ask clients about caring for any pets. It’s not enough to name a caretaker in a will to watch over furry friends. *A Barron’s article* explains that unless clients establish pet trusts, there’s no guarantee that the designated caretaker will honor

the client’s wishes.<sup>8</sup> Pet trusts can be named for specific pets or categories of pets, along with a funding amount to deliver specified caregiving.

## A Tech-Enabled Approach for Advisors

Planning for clients without children requires a holistic, forward-thinking strategy that accounts for healthcare needs, estate management, and wealth transfer preferences. Without traditional heirs, these clients often rely on trusted friends, extended family, or charitable giving to shape their financial legacies.

Advisors can streamline and enhance this process with client communication portals to keep chosen beneficiaries informed, portfolio management and reporting tools to track assets and ensure efficient wealth distribution, and integrated financial planning software to model tax-efficient giving strategies. By embracing these fintech solutions, advisors can provide proactive, data-driven guidance that brings peace of mind to clients and strengthens their long-term financial security.

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1. No Kids, No Care? Childlessness Among Older Americans, U.S. Census Bureau, December 2021.

2. Into the Great Wide Open: Planning for Childfree Individuals, *Journal of Estate & Tax Planning*, NAEPC, October 2024.

3. Fidelity 2023 Retiree Health Care Cost Estimate, June 2023.

4. How Does Medical Inflation Compare to Inflation in the Rest of the Economy? Peterson-KFF, August 2024.

5. Estate-Planning Priorities for People Without Children, *The Wall Street Journal*, Nov. 12, 2024.

6. % Key Components of an Estate Plan – and 7 Others to Consider, *Kiplinger*, Jan. 6, 2025.

7. Childfree Planning Turns Traditional Advice on Its Head, *Think Advisor*, Sept. 3, 2024.

8. Put Rover in Your Estate Plan. He’ll Be Glad You Did, *Barron’s*, Aug. 17, 2024.



## Empower Meaningful Financial Legacies with Black Diamond

Advising clients without direct heirs requires a thoughtful, technology-driven approach to estate and financial planning. SS&C Black Diamond® Wealth Solutions equips advisors with the tools to seamlessly manage complex client needs, facilitate meaningful financial discussions, and ensure long-term financial security.

With a fully integrated ecosystem, Black Diamond empowers advisors to provide personalized, proactive service to this growing client segment.

### How Black Diamond Supports Advisors Serving Clients Without Heirs:

- **Holistic Client View:** Access a complete financial picture, including estate plans, tax-efficient giving strategies, and long-term care funding.
- **Integrated Financial Planning:** Model wealth distribution scenarios and charitable giving plans directly within the platform.
- **CRM & Relationship Management:** Track and engage with key decision-makers such as healthcare proxies, power of attorney designees, and trusted beneficiaries.
- **Client Communication Portal:** Provide clients with real-time access to financial updates, ensuring transparency and collaboration.
- **Seamless Long-Term Care Planning:** Easily secure long-term care insurance through an integrated annuity & insurance marketplace, protecting clients' health and assets in retirement.
- **Robust Reporting & Customization:** Generate tailored reports that align with unique client goals, including legacy planning and charitable contributions.
- **Seamless Integrations:** Connect effortlessly with top estate planning and financial planning tools to enhance client service.

## For more information

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