



How Quickly Should You Invest the Money You Inherit?

A short excerpt from Doug Goldstein's book about managing inheritances received from the U.S.A.

When do you need to act quickly?

If you inherited a risky position, you should consider liquidating it. For example, the grandfather who always managed the stock portfolio passes away, leaving large amounts of money invested in a few individual stocks. Unable to live on her own, the grandmother who now owns the stock portfolio needs to move to a nursing facility. What would happen if she waited 12 – 18 months to deal with the account and then, just before she sold in order to pay her bills, the stock market crashed? While you should act quickly in selling risky investments, there is no need to act quickly in buying other investments. Staying in cash for a few months is fine.

How much money do you need now?

If you inherit a portfolio of stocks, ask yourself if you are in a position to wait (possibly for years) to use the money. A fancy car or a luxurious vacation is not an emergency expense. On the other hand, paying for home health care or other medical procedures may very well be a question of life and death and cannot be delayed. Any money needed for the near future, regardless of the type of investment it was in when you inherited it, should be converted to liquid assets such as short-term bank deposits, money market funds, and savings accounts. If that means selling Grandpa's stocks, it's the right choice. After all, wealth should first and foremost be used for your family's health and well-being.

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