

The Smart Approach to Childfree Wealth

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Being childfree means more than just living without kids. It reshapes your entire financial future. Explore strategies for living a fulfilling, financially independent life.

By Jay Zigmont

Standard life and financial planning follow a predictable pattern. You go to school, get married, buy a house, have kids, save for 25 years, retire and then pass on wealth to the next generation. We call this the 'standard life script,' which is at the core of the American Dream. What happens when you follow a different script? How do life, finances, retirement, tax and estate planning change if you are part of the 25% of U.S. adults who are childfree or permanently childless? (Hint: It's more than just taking kids out of the picture.)

Life Planning

The first challenge for childfree people is to create their own life plan since they won't be following the standard life script. And, of note, in practice, childfree people may actually have too much freedom. The way we see it is that living a life of childfree wealth means you have the time, money and freedom to do what you enjoy. It doesn't necessarily mean you are rich or have a lot of money, but you have more flexibility with what you have. You can make different choices earlier in your life and carve a path that is truly yours. The challenge is that you must identify this path before working on any financial plan.

If we start at the end, most childfree people do not plan on leaving generational wealth. They are often following something akin to a [Die With Zero](#) approach. My wife and I plan on leaving what is left in our estates to our nephews. If they get \$10,000 or \$100,000, that is fine. If they get \$1 million+, we have made a mistake in our plan.

Many childfree people are charitably inclined. Much, or all, of their estate will go to charity. The problem is that if you give money in your estate to charity, you don't get to see the impact or get tax breaks. You are much better off giving while living. You can get creative

and use DAFs (donor-advised funds), CRATs (charitable remainder annuity trusts), CRUTs (charitable remainder unitrusts) and other tools to maximize your giving. With CRATs and CRUTs, you can give to a charity now, get a tax break and live off the trust income for decades.

If you are trying to die with zero, you need to bend the net worth curve at some point. It means looking at your finances through a different lens and shifting from a saving mindset to a spending mindset, which is difficult for most people. It also means that you can make different choices with your career and life, often investing in yourself and your happiness much earlier in life.

Childfree people often forgo the standard retirement and instead find something they enjoy doing throughout their lives. Rather than following FIRE (Financial Independence, Retire Early), they are following FILE (Financial Independence, Live Early). If FIRE is an on/off switch for work, FILE represents a dimmer switch. In FILE, it's about doing the right work, at the right time, at the right level, across your life, not truly shutting work off. Following a FILE path may slow down your retirement savings, but that's ok. If you plan on working across your life and want to die with zero, mindlessly saving towards retirement may result in missing your goals.

Financial and Retirement Planning

I use a framework for childfree financial planning that, at its core, has the goal of simplifying your finances so that your life can be amazing. There is a war in our heads for our time and attention. If our time and attention is on our work and finances, we often have to sacrifice what brings us joy and makes our lives amazing. If FILE and dying with zero are at the core of your life plan, you really can make your finances and work remarkably simple and still successful.

Let's take owning rentals as an example. Owning a rental does not make your finances more simple. And I've never had a childfree person say that being a landlord made their life more amazing. If anything, you hear people complain about tenants and all of the hassles of being a landlord. To handle these, some landlords hire a management company. If you are going to hire a management company for your rentals, you might as well just invest in REITs. With a REIT you get exposure to real estate without the hassles. Also, childfree people are less likely to be able to take advantage of tax incentives like 1031 exchanges and getting a step-up in basis at death. If you plan to die with zero, you aren't passing on real estate, which eliminates much of the tax planning benefits of being a landlord.

As you look at childfree financial planning, it becomes a test of simple versus amazing. Everything becomes a choice rather than a requirement. Even buying a house is a choice for childfree people rather than a must. In most cases, I recommend renting as childfree people are not tied to their community in the same way and move regularly. Renting takes nearly all of the work out of housing and makes it simpler.

Simple investments work, too. A simple three-fund portfolio of U.S. stocks, international stocks, and bonds works just fine. What is really odd is that if you are trying to die with zero, you may be able to simplify even further. I've made plans for clients who are 100% in fixed income, as it fits their lifestyles. Yet others swing for the fences and are 100% in equities because if it goes down, they are still ok. You could also argue that a fixed-income annuity can be used if you truly want to die with zero. There are even annuities now with long-term care riders, killing two birds with one stone.

Insurance needs change, too. Life insurance has very little or no use for childfree people. On the other hand, disability insurance is a must, especially for our soloists (single, no kids). Long-term care insurance also takes a higher importance. My goal for my clients is that they have a plan for their long-term care by their mid-40s. Long-term care insurance is expensive, but that's because long-term care is expensive.

Estate Planning

Estate planning is probably the one area that may be harder for childfree people. We often need to deal with the question of "Who is going to take care of you when you are older?". Long-term care insurance can pay for your care, but who makes decisions for you when you don't have a next of kin? If you don't have a next of kin, and don't nominate someone in your will or POAs, the government will make decisions for you. I don't care what your political leaning is, no one wants the government making personal decisions for them.

This is a particularly acute issue for soloists. The [U.S. Census found that 32.1%](#) of childless people will never marry. Add that on to those who are widowed or divorced, and there are a lot of people who don't even have a spouse to be the first-round decision maker if they are incapacitated.

In California or Arizona, you can appoint a professional fiduciary to serve as your medical and financial POA as well as executor. In other states, you may be able to convince an estate attorney to serve as your financial POA and executor, but I've only found one firm in Georgia that publicly says they will cover the medical part. The other problem is that any of these solutions fall apart when you move out of the state where the fiduciary is

providing services. Trust companies can fill this role, but only want you if you have millions, and definitely don't want you if you want to die with zero.

Conclusion

In the end, you can see how being childfree impacts just about all areas of your life, finances, taxes, retirement and estate. If you are going to work with a professional, be sure to ask them how your plan changes because you are childfree. The most common answer is "You'll change your mind." This is dismissive; you should just walk out if you hear that. Hearing, "It doesn't make a difference," is just as bad. I'm ok if they say "I don't know, let's figure it out." Remember that if you want to die with zero, advisers who charge a percentage of your assets (AUM) have a built-in conflict of interest. They want your net worth to always go up, but you don't. You deserve advice that fits you and the life you want to live.

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Jay Zigmont, Ph.D., MBA, CFP® (he/him) is the founder and CEO of [Childfree Wealth®](#), a life and financial planning firm dedicated to helping childfree and permanently childless people.

He is the author of the books "Portraits of Childfree Wealth" and "[The Childfree Guide to Life and Money](#)." Dr Jay is the co-host of the Childfree Wealth podcast.

He is currently developing a service in partnership with a trust company that will serve as a childfree person's trustee, executor, medical POA and financial POA, across the country and will guarantee to make decisions for clients, even if they run out of money and can no longer afford the fee. A [Childfree Trust®](#) (patent pending) is scheduled to launch at the end of 2025.
