



North American Management

Financial Planning Note

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Discussing Your Estate Plans with Adult Children

As a wealth management firm serving multiple generations of families, we are often asked how to broach the subject of inherited wealth with adult children. Parents often delay having these important conversations about the future management of the family's assets. In my experience, the estates of parents who have shared financial information and responsibility with their adult children before their death tend to be settled more quickly and with less contention than those where no disclosures were made.

A great way to get started on this sensitive topic is to have a series of Family Meetings. If this is a topic you're ready to tackle, here are a few suggestions to help you frame your approach.

Initial Considerations:

Before your first meeting, there are a few questions you should ask yourself:

1. Do you want a facilitator or would you like to run the meeting yourself?
2. Would you like to approach your financial picture and estate plans gradually or all at once?
3. What are your immediate and/or long term goals for the conversation?
4. What issues do you think might arise in the meeting?
5. What would be your ideal outcome from the meeting?

By considering these answers ahead of time, it will be easier to stay objective and on point while discussing your plans with your children.

Preparing for the Meeting:

1. Identify the best location to meet – some families carve out a day at a vacation spot; others prefer a more formal setting, such as an advisor's office.
2. Articulate your motives for disclosing the information now.
3. Ask your children for questions/concerns they may have.
4. Set an agenda that includes talking points.
5. Practice. Rehearse your answers to difficult questions. Identify body language (yours or theirs) that will stifle open communication.

Using the Gradual Meeting Approach

Many families find it more comfortable to have a series of meetings, rather than one all-encompassing discussion. These meetings can be scheduled over a short period of time or spread over a few years.

The Initial Meeting:

1. Introduce the goals/values/outcomes desired
2. Limit disclosure to non-financial items:
 - Who is the Executor of your estate and where are the estate documents located?
 - Who has power of attorney?
 - How would you like your long term care handled?
 - What do you want for end-of-life care (living will)?
 - What are your desired funeral arrangements?
 - What are the basic provisions of your will; the distribution percentages?
 - What should be done with your digital assets (accounts, passwords)?
 - What charitable bequests would you like to make?

The Detailed Financial Meeting:

1. Review your Net Worth Statement
 - What, where, how much are the assets?
 - What are your liabilities?
 - How to access your accounts
2. Go over your objectives and a flowchart of your specific estate planning
3. Provide a summary of each document and its purpose
4. Explain how the money flows to each generation

The Family Management Meeting:

1. Begin managing some investments as a family
2. Make certain philanthropic decisions together
3. Begin systematic gifting to your children to allow for independent financial decisions
4. Encourage adult children to begin their own financial planning to continue prudent wealth transfer to the next generation

Of course, every family dynamic is different and there are often circumstances that make these discussions difficult. While the shared responsibility for family assets usually comes once you are comfortable that your children will be financially and emotionally responsible, it's never too early to begin teaching them the basic tenants of personal finance.

If you have questions regarding any of the above, or would like our help in preparing for these discussions, please contact your Relationship Manager or me using the information listed below.

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