

The Wealth Advisor

A monthly newsletter for our valued clients

Talk to Your Family over the Holidays about Your Estate Plan

Many of us labor a lifetime to build up our assets and fight for causes that matter to us. Few things are more fulfilling than the thought of sharing wealth and legacy with our family.

Of course, it's impossible to plan for every eventuality, but careful planning can mitigate against the two primary risks.

- a) Your intentions regarding your estate weren't made clear, resulting in the potential for costly, time-consuming conflict.
- b) Your family did not understand or share your wealth management vision, resulting in the possibility of asset dissipation.

The good news is both of these issues can be prevented through honest communication with your family now. While it's not necessarily comfortable to broach this topic, a family gathering at the holidays might be the best time to have a conversation with your children and loved ones about your estate plan.

Why it's important to talk to your family

Passing along our wealth is one thing, but what about passing along the values of work ethic and generosity that enabled us to acquire and grow that wealth in the first place? Too many fortunes built by one generation are lost by the next, not due to bad luck or the IRS, but due to a lack of understanding of wealth management and preservation. Also, when your family doesn't appreciate the rationale behind your estate planning choices like the use of lifetime trusts, this lack of understanding can lead to conflict and resentment among family members. In a worst case scenario, your heirs end up suing one another. No one relishes the idea of family being torn apart over antiques, heirlooms, or who gets the house on Long Island. Nevertheless, it happens far more often than anyone cares to admit.

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The Duvall Law Firm believes in taking the "team approach" to estate & business planning. Providing effective, responsible service to our clients leads us to build and maintain relationships with clients' professional advisors. Cooperation is the cornerstone of our relationships with both advisors and the clients we serve together.

Should you tell your children about their inheritance?

The question of whether to tell the children about their inheritance is the subject of ongoing debate. Many people express concern that this information might reduce a child's work ethic or make them feel otherwise entitled, killing their motivation to seek a career and a "normal" life. Depending on the child's temperament, this might be a legitimate point. On the other hand, inexperience and lack of understanding about wealth can result in a quickly lost inheritance, only because your heir didn't know what to do.

The best path for most of us is a "happy medium," sharing your plan in general terms with your heirs, without necessarily telling them the dollar values. You might even entrust some heirs with some responsibility for investment and entrepreneurial opportunities now before they inherit anything. This way, they begin to share your guiding values, and they are therefore better prepared to handle, manage and even grow their inheritance when they ultimately receive it.

Communication now prevents conflict later

You have put careful thought into which assets go to which beneficiaries and why. But, when the details of a plan are sprung on people, especially during a time of grief, differing opinions can create conflict. If your family unexpectedly discovers upon your death that there is a significant amount of money to be distributed, and you haven't shared your rationale behind the decisions you've made, then you've set the stage for conflict and infighting – possibly even a costly and lengthy lawsuit.

To overcome these challenges, frame your estate planning around your guiding principles, communicate your intentions thoroughly in the trust, and explain your vision clearly to your trustees and beneficiaries while you're still around to explain things. By attaching your values to your estate planning and involving your family in the process, your estate plan now becomes a family plan, minimizing the risk of conflict.

What should you discuss at the family meeting?

Once you've committed to discussing your estate planning with your family, what should you share specifically? Should you detail the entire plan with them, or just an outline of it? Should you go into detail about who gets what?

The specifics of what should and should not be discussed about your estate will depend on your family, your circumstances, and your overall level of comfort with how much knowledge they possess. You don't necessarily have to violate your privacy, and there's typically no need to reveal specific dollar amounts at this meeting. One big caveat - if there's anything in your plan that might stir controversy, concealing it now serves to invite conflict later. Thus, a good basic rule of thumb is to share as much as is necessary

to get everyone on the same page.

Tips for a successful estate planning family meeting

When you hold your family meeting, a bit of awkwardness is to be expected at first—after all, no one in your family (presumably) is likely eager to discuss what will happen when you die. Likewise, you need to be prepared to talk through some of the choices you've made that are likely to generate some pushback. However, the end of the meeting is often more comfortable than the beginning. The following guidance can help you get there.

- Plan the meeting after the holiday, if possible. If you're gathering the family at a holiday like Thanksgiving or Christmas, try to arrange the actual meeting to take place after the holiday itself, so a potentially uncomfortable conversation doesn't spoil any planned festivities.
- Invite your financial advisor, estate planning attorney, and accountant to be in attendance. (More to this point momentarily.)
- Schedule the meeting in a quiet place that encourages candid conversation. A public place is probably not appropriate for this discussion. Your financial advisor or estate planning attorney might have access to space if you need it and prefer a "neutral" site over your living room.
- Arrange for child care. This meeting should be an adults-only gathering so everyone can participate without distractions from babies and children.
- Set an agenda. Encourage open conversation, especially on any controversial points, but have a clear list of points to be covered, so you don't forget anything in the midst of emotional moments.
- Set a start and stop time. This step will help the meeting stay on track without meandering away from the main points. If something significant comes up, you can always continue the discussion later.
- Strike an inclusive tone. While you should not suggest that your decisions are open to challenge or discussion (it is your estate plan after all), try to convey that you are inviting the family to share your vision and goals. If you can get them on board with you at the outset, the risk of disputes will be significantly reduced later.

Why involve your financial advisor, attorney, and accountant?

Some people might have misgivings about having a third party advisor present at an otherwise private family gathering, and it's certainly not a mandatory step. However, you might want to consider inviting your financial advisor, estate planning attorney, or accountant to the meeting for the following reasons:

- The presence of your financial and legal team can add a sense of authority to the conversation, reinforcing that your choices have not been arrived at lightly.
- With your permission, your team can review the structure of your estate plan

with your family, highlight its benefits, and make the meeting easier for you to conduct.

- In some cases, there might be questions from your family. Your team can, with your permission, answer questions, especially those of a technical nature.

Tailor the role of your financial advisor, attorney, and accountant in your family meeting to your specific needs. Whoever you include can give a brief presentation of your estate plan as part of the proceedings, or simply be on hand to clarify points. When appropriate, someone from your team can even act as a facilitator or moderator for the meeting itself.

We are here for you

In whatever way you choose to address this sensitive subject with your family, remember that we are here to help, from a full review of your estate plan to offering guidance on how to include your loved ones in a family vision for your estate. When you're ready, call us for an appointment to discuss your needs.

This newsletter is for informational purposes only and is not intended to be construed as written advice about a Federal tax matter. Readers should consult with their own professional advisors to evaluate or pursue tax, accounting, financial, or legal planning strategies.

You have received this newsletter because I believe you will find its content valuable. Please feel free to [Contact Me](#) if you have any questions about this or any matters relating to estate planning.

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