

Conducting a Family Meeting About Finances



Many people feel apprehensive about having a financial conversation with loved ones. However, such a discussion may be one of the most important things you can do to prepare yourself and your loved ones for what lays ahead. Whether it is parents setting appropriate expectations for final care and potential inheritances, or if its children concerned their parents may need help in case of a long-term illness, having a discussion about your financial affairs is invaluable.

What is a Family Meeting?

Well, first off, the definition of “family” means many things to many people. Family may be relatives, close friends or a partner. For ease of discussion purposes, the term “family” here will mean whatever loved ones you consider as part of your family.

For the purposes of financial planning, this particular family meeting should focus on financial goals and the means/obstacles to achieve those goals. These concerns can be “downstream” to the next generation that may or may not be inheriting wealth, or it can be “upstream” for the younger generation that may wonder if the older generation is prepared or capable of handling potential financial setbacks. Regardless of the direction of the concerns, the goal of a family meeting is to have a dialogue about the situation and discuss what steps, if any, are necessary to address the family’s goals.

It can be a challenge to schedule such a meeting. Loved ones may be scattered across the country and rarely have a chance to meet in person. However, the ideal family meeting is done face to face and scheduled at a time everyone can focus on the task

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at hand. Find babysitters for little ones and try to have the meeting somewhere with minimal interruptions.

Holiday gatherings may be the most convenient time to schedule such a meeting, those times can also have significant distractions as well. Whether you can pull together an “independent” gathering, or if you get everyone together for a meeting around a holiday, be sure to allocate some uninterrupted time to conduct the meeting. If you can’t physically gather everyone, a conference call or online video meeting may be your next best bet.

For whoever is organizing the family meeting, be sure to start the meeting with an agenda and perhaps with some stated goals in mind. For example, parents may call the meeting to explain what estate planning steps they have taken, where those documents may be stored, and who they have selected to be responsible for administering the estate. If other family topics come up (where to host the next Thanksgiving, etc.), be sure to table those items for another meeting. You want to identify your focus on financial matters for the meeting and try to remain on topic.

As you start the meeting try to maintain a soft, collaborative tone. Also, acknowledge the fact that this may be a difficult conversation from the beginning. You can consider concepts like, “I know we’ve never discussed money before” or “I know you may feel uncomfortable with the idea, but at some point, I won’t be around anymore . . .” A primary purpose needs to be to prepare the family with some of the decisions being made.

Is Equal Fair?

While many default to treating their loved ones equally when it comes to leaving a legacy, sometimes equal isn’t always fair. Perhaps one beneficiary simply can’t handle their financial affairs, or maybe one child may be inheriting the family business and the other child isn’t involved in the business. Is it fair to give the uninvolved child an equal share in the business they’ve done nothing to build? These are not easy questions, but it is something that families must address. Equality and fairness are not the same, and if this is a struggle in your situation, consider addressing the issue in your family meeting.

The primary intent of the family meeting should be to get the plans on the table. However, it’s up to you as to whether you want to share exact details or simply the direction you’re intending to take. There’s no need to try to be persuasive. Rather, a matter-of-fact discussion of the decisions you have made should be the tone of the conversation. While you can share dollar amounts or differences in distribution amounts (like one child getting a larger share than the other), these details aren’t necessary. Simply sharing something like, “your inheritance is designed to help you meet some retirement goals” or “your inheritance is not something you should rely on to meet your financial goals”, can be enough information.

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For disproportionate shares, you can simply state, “Because of “x” we are leaving your brother a larger inheritance than we are leaving you” or you can just say, “we’ve decided to leave your sister a larger share of the inheritance than you are getting.”

Timing of the inheritance may also be something to discuss. Will everything be passing outright to your beneficiaries at your death or are you retaining assets in trust for example. If you are retaining assets in trust, it is important to share not only your reasoning behind your plan, but also the tax and legal costs/benefits to such planning. This will allow your beneficiaries to understand the overall intent of your plan.



If you have particular items that you are passing to someone specifically, you may want to share those details as well. Perhaps a family heirloom may not have significant monetary value, but it may have significant sentimental value, and its disposition could cause a rift. Consider sharing your intentions and the reasoning behind your decision on the distribution of the asset. Alternatively, maybe there

is a cabin or lake house that you would like the family to retain if possible. Sharing these details can help with vetting concerns or logistics that might be overlooked otherwise.

There is a chance these conversations could lead to an emotional response. Be prepared to express your logic in your decisions. Explaining why you’ve decided to leave your assets a certain way may help your beneficiaries better understand your position. It’s also important to express that leaving disproportionate monetary distributions does not equate to loving one beneficiary more than the other.

During these discussions it may be possible that some assumptions you have made may be incorrect, leading you to reconsider your decisions. If the meeting starts to get heated, it may be necessary to call a break for heads to clear. Regardless of the difficulty of the meeting, the goal is to get these issues on the table so that both you and your beneficiaries can be better informed about the decisions being made. Again, don’t try to persuade your family into agreement with your plans, per se, just try to create a dialogue around your decision.

For “upstream” discussions from the younger generation to the older generation, be respectful of the older generation’s situation. If they haven’t put together an estate plan, or if it’s outdated, there’s no need to assess blame for the situation. A better path would be to discuss how to address the planning void now to assure goals can be met. Updating estate documents, implementing health care and financial powers of attorney, and making sure the responsible parties are aware of their roles is key.

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For end of life/long term care discussions, focus on the ideal goals the older generation may have. Do they want to try and stay at home for as long as possible, or would they prefer the comradery potentially available at an assisted living facility? Even more daunting than establishing these goals will be the mechanism to pay for the care.

Has long term care insurance been explored? Are there savings set aside for this care, or might government assistance or family help be necessary at some point? Reviewing the goals of care and the means to achieve them must be addressed.

For any of these conversations it may help to have an independent party present to address issues or even serve as a facilitator. Consider engaging your financial advisor, your CPA or your attorney to help lay out the plan and the reasons behind it. These professionals

can help by providing depth and breadth to the decisions made, and the rationale behind them. Moreover, they may have had experiences with these discussions in the past and can provide some insight to achieving the family meeting's goals. In concluding the meeting, identify action items necessary to keep the plan working. Perhaps updating asset titles, trust plans, or whether long term care insurance is necessary. Moreover, consider scheduling follow up or periodic meetings so that going forward everyone can be informed as to the status of your goals. Most importantly, express your love to your family and remind them that the purpose of the meeting and ongoing planning is for a smooth transition whenever the time may come. Money may be important in life, but having a loving family relationship is priceless. Proper planning and sharing of the plan can assure those relationships can run smoothly for years to come. ■

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