

JEFFREY M. VERDON LAW GROUP, LLP

Right Time,
Right Information:
When Should
Parents Talk to
their Children
about Family
Wealth?



It can be hard to talk about money and inheritance.

Communicating clear and age appropriate information with your children about family values and wealth transfer can be complicated. But it doesn't have to be.

Some Commonly Asked Questions

- Should parents conceal all the details of their finances even from their adult children for fear of creating a sense of entitlement?
- How and when should the conversation about family wealth be started and should it be done in conjunction with information on money-management?
- How do we communicate that while our family has accumulated some wealth, just having money is not what our family values stand for?

How and When?

Speaking with children about family wealth is dependent upon the family dynamic and level of assets. These conversations are most successful when accomplished over time in age appropriate stages over a period of years. Many of our clients find it best to begin the dialogue with

their children in their teenage years and continue the discussions into their thirties.

The later you broach the topic of family wealth with your children the harder it becomes to have a series of meaningful talks.

Age-Based Stages for Talking to Children about Family Wealth

Teens

This is the right time for children to begin to understand that the family has money but specific details about wealth and investments need not be disclosed. At this stage, children should be educated about the work ethic that was required to earn the wealth that the family has accumulated. If applicable, parents may let them know about their private family foundation and/or donor-advised funds and encourage them to attend organizational meetings and begin to contribute some of their time and energy



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to assist others through charitable works. At this age, parents should include children in conversations about money concerning basic family financial decisions such as vacation planning or investing and saving for education.

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This decade of life comes with many fundamental changes that cause concerns for wealthy parents as children attend college or begin a career. Parents worry that their children will become dependent upon inherited wealth. Rather, parents should encourage them to become as financially independent as possible. At this age, children are mature enough to know the general details about your real estate properties, life insurance policies, stocks, bonds, and other investments without being

provided the definite value of these assets. This is an ideal time to teach children the basics about inheritance, charitable giving, retirement planning, other types of investment accounts, and to make your financial expectations for them clear.

During these years, parents should establish definitive boundaries with their young adult children regarding how little or how much financial support they can expect from their parents as an adult. Explain your values concerning the family money and what you do and do not think it should be used for. For example, assistance with a down payment on a first home is a good investment while funding a risky business venture is not. However, parents should also let children manage their own finances and learn by making some of their own financial mistakes.

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Now is the time to share precise details about your family wealth and wealth management strategies with your adult children preferably during a family meeting facilitated by an estate-planning attorney or financial adviser. At this stage parents are getting older, and it is becoming increasingly possible that children may soon inherit and be responsible for the family assets. It can be helpful to share tips on how to best manage an inheritance. This is the ideal time to explain some of the reasons behind the decisions you made to help avoid sibling disputes later on.

Another effective way for parents to engage with their children at this age is to have productive conversations about

their financial legacy by documenting your thoughts in an “old-fashioned” letter. This is the time and the place to recount the story of how their family acquired its wealth, the challenges the family faced during this process, and the vision for how they wish this wealth to best be utilized by future generations.

Conclusion

Talking about money is a difficult task at any stage or age but it is best to come from you without fear or trepidation. Many families include their trust and estate lawyer or financial planner to help facilitate these conversations, adding a professional touch. Discussing your family wealth, if done with respect and dignity, can be a most rewarding “teaching moment” for your family.



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