



Family Wealth Management: Tips for a Successful Transition Between Generations


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Passing on your wealth is about leaving a legacy for future generations while keeping positive relationships between your children. Here are steps to consider that can help avoid common and costly mistakes and increase the likelihood that your estate transfers successfully and lasts through multiple generations.

Understand why most transfers fail

A common reason why most wealth transfers fail is simple: lack of communication. Most parents are uncomfortable discussing money with their children. However, talking with your heirs lets you express the impact you hope the assets will have on your family and community — both now and after you're gone. Pointed discussions of what you want to accomplish can help legacies endure for generations.

Avoid mistakes by planning

Map out and identify all of your immediate and extended family members to make a clear picture of whom you and your financial professional may want to plan for. Before you talk with your heirs, document specific details — including names, addresses and contact numbers — and use this map for a planning conversation with your attorney, tax professional, financial advisor or investment professional.

Communicate early and often

Keeping loved ones engaged in the inheritance planning process can increase the chances of a successful wealth transfer. Ensure that your loved ones have access to the names and numbers of all your legal, tax, insurance, employer and financial contacts. Let your heirs know what they will inherit so that they can make plans for future assets that fit with their life choices. This is especially true when passing on the family business. You might need to make alternative plans if heirs don't want the business. Minor children should be given age-appropriate information as they mature. Engaging and educating heirs along the way can help them avoid mistakes later and protect against the negative impact of a surprise and lack of preparation.

KEY POINTS

- Communicate early and often and be clear about your expectations and values
- Develop a family financial map
- Introduce your heirs to your financial advisor or investment professional



This material should be used as helpful hints only. Each person's situation is different. You should consult your investment professional or other relevant professional before making any decisions.

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Share your values

Sometimes, legacies involve leaving some of your assets to charities, schools or universities. Let your children know the reasons behind these donations so they won't feel confused or resentful. The *why* of your estate is as important as the *what* if you hope to minimize conflict when you're gone. This can also be a time for your heirs to make their own wishes and feelings known so that they too can share their values with the family.

Take your time

The family wealth conversation should be an ongoing conversation. Legacies can be complicated. So can the reactions of family members as they review inheritance plans. Many investment professionals suggest hosting annual family meetings to discuss your legacy plans.

Other considerations:

- Choose an executor who is outside of the family so siblings can communicate with an outside party as executor and not a relative
- Have conversations with family members about family heirlooms to uncover if there are specific items they would like
- Create a family giving plan

Aim to achieve wealth transfer success

Most inheritance transitions derail for reasons you can potentially control. To leave a lasting legacy, work with your financial professional to develop a plan, communicate your plan and values to your heirs before your passing and prepare them so they can plan for the future. If you express what you'd like to see your heirs accomplish with the inheritance, you can improve the odds that those assets will be there for your family for future generations.

Contact your financial advisor or investment professional for more information.

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