

# To Successfully Pass Down Your Wealth, First Share Your Intent

Yes, it's important to talk about your estate plan with your children and how all the pieces work, but it could be even more important to make sure they understand the intent behind your wishes.



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**Three children — one is business-minded, one is a teacher and one is an artist — grow up in a wealthy household. While they understand their fortunate circumstances, they don't understand just how much wealth their parents had accumulated. The parents face a conundrum: They want to begin communicating future plans and financial values to their children, but they don't know where to start because each child's money management acumen varies.**

**When it comes to passing on wealth to future generations and preserving family values, communicating with your children is the first — and hardest — step to success. Keeping quiet about your wealth can create suspicion and distrust.**

**Many parents struggle to initiate the conversation because wealth is an uncomfortable topic for families, and they fear that talking about estate plans, assets, inheritance, etc. will result in family arguments. This fear of conflict drives some parents to withhold information, which could result in their wishes not being met. But when conversations are handled appropriately, families experience successful wealth transitions.**

## **Conversation Starters**

**According to a U.S. Trust study in 2011, about half (52%) of parents haven't fully disclosed their wealth to their children. Ironically, that same nationwide study showed only about a third (34%) of parents agree strongly that their children will be able to handle the inheritance they plan to leave them. I doubt those numbers have changed much today.**

**No matter the age, it's never too early (or late) to start the conversation about money with your children. In order to succeed at preserving the family legacy and wealth, you must start somewhere. What's appropriate to share? How do you avoid creating feelings of entitlement?**

**Your children need to understand what wealth means to you, the goals you have for your family, and the impact you want your wealth to have. Sharing what you hope to accomplish with your wealth can help your children understand the reasoning behind your financial plan.**

## **A One-Size-Doesn't-Fit-All Approach**

**Financial literacy is key, but meet your children where they are. Tailor your approach to your child's age and life circumstances. And don't just talk, listen. Conversations about wealth and values are a two-way street. There is a difference between a lecture and a dialogue. People want to learn, but they don't want to be taught.**

**Getting younger children comfortable with financial literacy, such as saving, spending and investing, helps set the stage for their future financial success. Moonjars — money boxes with three compartments to hold money for spending, saving and sharing — provide children the opportunity to pick a nonprofit or community initiative they wish to support. As they get older and begin aligning charitable giving with their interests, you can encourage them to pitch an idea for a larger donation. Taking advantage of these opportunities to pass on your values related to money and philanthropy will also teach children the importance of giving back and taking an active role in making responsible financial decisions.**

**Give your adult child a seat at the table. Conversations with adult children should be more intimate because explaining the "why" behind your investment approach and estate plans leads to sharing how you envision generational wealth transfer and its impact on your child's current financial status. How do your money values fit into theirs?**

**Perhaps there's an opportunity to help your child take an active role in a charity he/she is passionate about and ties back into the family values.**

**Stress intent over technique. It's important to understand how a trust works, but it's just as important for your children to understand why you put that structure in place. By helping them appreciate the outcome you're working toward, you'll succeed in communicating your values and vision for your family and wealth.**

## **A Vision for the Future**

**Open communication helps your children learn about wealth and values, while enabling the family to comfortably navigate those "tough" money talks. Creating a family mission and vision statement can mesh individual passions and values, while giving the family a unified goal to strive for.**

**Using everyday moments to create a wealth lesson will foster communication and create memorable experiences. Open communication makes money approachable and ensures your children are capable of managing the wealth that will ultimately be passed to them, and your legacy and values are carried on through future generations. Talk early, talk often and communicate your intent — not just the technique.**