
# One big family plan

## Q: I've accumulated enough money to worry how my kids will handle it when I'm gone — how can I prepare them?

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**A:** Anyone who's heard headlines on generational wealth transfers has a right to be worried — wealth accumulated in one generation can completely disappear by the third.[1] The explanations as to why smart families lose wealth are the subject of much financial press, yet you've touched on my favorite reason: Sudden wealth is thrust upon families and they're ill-prepared.

I believe the solution is to get the next generation fully prepared for an inheritance, and that means establishing continuity with the advice and the advisor. I try to get people thinking that the wealth plan is not dad's or mom's but is a multi-generational blueprint that takes direction from the first generation but should also work with successive generations to help keep the wealth intact.

I'm a big advocate of bringing family members into meetings with an advisor or planner, especially where it involves issue of multi-generational wealth. And I should say that one of the big advantages of working with a team of advisors, like the ones at any major financial institution like mine, is that we can have the family in the room participating in these kinds of discussions. If you work with a private lawyer, for instance, confidentiality issues mean the family may not be in the meetings.

There are many benefits to bringing family members into discussions early and often. First, it allows sons and daughters in on exactly the state of their parent's wealth, showing them how the wealth is structured, and telling them why certain decisions have been made. For instance, if there is a disparity in the amount of funds or the kinds of assets that heirs can receive, it's good to have an open discussion about the reasons instead of having any disagreements between siblings or hurt feelings after you pass away.

I note, some parents may not want their kids to know every detail of their financial lives so sometimes discretion has to be used.

Second, if the heirs are young adults with little or no funds of their own, these meetings are also a crash course on how a sophisticated wealth plan, including how registered and non-registered plans, share ownership arrangements, insurance policies, Wills, Powers of Attorney and so on, all fit together. Your children may not have had the opportunities you've had, or they may be searching for a career, or may even have a sense of entitlement and feel that your money is owed to them. If so, the experience of talking to professionals and seeing how much intricate planning goes into preserving wealth could be a resounding wakeup call. They'll learn money can seep away without good planning.

Third, these family meetings ideally should be a catalyst for thoughts and discussion about what the next generation would like to do when they inherit the wealth. That's because, depending on what their outlook is, certain assets and responsibilities may or may not be appropriate for each child and that could trigger changes to your estate plan. Examples of this could be selling a cottage that no one has the time to maintain or rethinking the family business if no one wants the reins.

The process of getting family members involved is a lot to take in all at once for younger people with no exposure to personal finance but this process emphasizes the responsibility needed. Moreover, I think it highlights the value of the work people like I do. And it goes without saying that if you've had a successful and profitable relationship with your team, your adult kids have the ability to develop the same bonds with the same team of advisors. So lastly, these meetings can highlight the professional expertise required for successful wealth plans and hopefully give the next generation some pointers on what they should be doing with their own financial futures.

Poor personal finance decisions can often be blamed on a lack of experience and expertise. Sudden wealth and a lack of experience is a bad combination, and the lives of celebrities give us ample examples. But having an advisor meet with the whole family regularly, before they become the owners of the wealth, should help avoid obvious missteps. You certainly don’t want your hard-earned money to catch the first flight to Las Vegas.

Starting a new relationship with any professional can give pause for thought. You may be unsure if the relationship is a good fit. You may not like the first advice you get. You may have second-thoughts that begin to weigh on your judgement. So, my advice is to get your kids involved now with your advisor, before they need to make hard decisions, and together you can all concentrate on the issues at hand. And that should make you worry less.

> Domenic Tagliola has been helping clients with all aspects of estate and trust concerns since he was called to the bar in 1995. His favorite super hero is Spiderman and he's a big time Whovian (that means he's a *Doctor Who* fan).

1. Dwyer, Augusta, “Why wealthy families lose their fortunes in three generations,” *The Globe and Mail*, Jan. 26, 2017, accessed June 2, 2019, www.theglobeandmail.com/globe-investor/globe-wealth/eroding-family-fortunes-how-the-cycle-can-be-broken/article33757468/ ↩