

THE FAMILY GUIDE TO SAVVY Generational Planning



PROBLEM: Previous generations kept their affairs private and heirs didn't know much until the will was read. It can be difficult to discuss estate planning, as it means facing mortality and exposing certain vulnerabilities. Inheritors don't want to think about losing someone they love, but they have many questions.

SOLUTION: Start talking now. Honest and open communication is imperative to pass on the elder generation's values, assets, and wisdom.

Just start talking: Ways to begin

ELDER GENERATION:

- ✓ "Dad and I saw a lawyer today about our estate plan. We'd like to talk to you about it."
- ✓ "Someday you will be coming into some money. We'd like to start talking to you about the responsibilities that come with it."
- ✓ "Our financial advisor would like for us all to come in for a joint meeting so you can learn more about how we manage our investments."

YOUNGER GENERATION:

- ✓ "I know it's none of my business, but I was just wondering if you and Mom have seen a lawyer about your estate plan."
- ✓ "My siblings and I are concerned that we won't know what to do when the family assets pass to us. Can we start talking about this now?"
- ✓ "I think the time has come for me to see a financial advisor. Can you introduce me to yours?"

"All good men and women must take responsibility to create legacies that will take the next generation to a level we could only imagine."

—Jim Rohn, author and motivational speaker

Step 1: Define family culture

Take advantage of family gatherings to ask:

- ✓ What kind of family do we want to be?
- ✓ What do we want to be remembered for?
- ✓ How do we want to treat one another and speak to one another?
- ✓ What things are truly important to us as a family?
- ✓ What are the unique talents, gifts, and abilities of family members?
- ✓ What are our responsibilities as family members?
- ✓ What are the principles and guidelines we want our family to follow?

"I believe in giving my kids enough so they can do anything, but not so much that they can do nothing."

—Warren Buffett

Step 2: Set family goals

What is it you want to have and do as a family? Typical family goals include:

- ✓ Intra-family loans—done right, this can be a great way to help family entrepreneurs or those in difficult circumstances.
- ✓ College education—Without proper planning, families can be left scrambling to pay for education.
- ✓ Supporting minor children—what if parents died unexpectedly?
- ✓ Home ownership

Continued

- ✓ Family vacations
- ✓ Retirement, including long-term care costs
- ✓ Philanthropy—important causes the whole family can get behind

Step 3: Learn financial concepts

The best way to teach children and young adults about money is to weave lessons into daily life. Make money an open subject in the household. You can also consider the following resources:

- ✓ *The Richest Man in Babylon* by **George S. Clason**
- ✓ *Sudden Money: Managing a Financial Windfall* by **Susan Bradley**
- ✓ *The Wise Inheritor* by **Ann Perry**
- ✓ *Raising Financially Fit Kids* by **Joline Godfrey**
- ✓ *Your Money or Your Life: Transforming Your Relationship with Money and Achieving Financial Independence* by **Joe Dominguez and Vicki Robin**
- ✓ *The Only Investment Guide You'll Ever Need* by **Andrew Tobias**
- ✓ *The Ultimate Gift* by **Jim Stovall**

"Shirtsleeves to shirtsleeves in three generations."

—Proverb implying that fortunes earned by one generation are often lost within two generations.

Step 4: Prepare heirs and executors

Too often family members are completely perplexed when a loved one dies. They need to know:

- ✓ What to do first
- ✓ How to retitle accounts
- ✓ How to take withdrawals in a tax-advantaged manner
- ✓ How to manage inheritance to preserve and protect assets for the future

ACT NOW: Let your advisor help you create a practical approach to sharing your family values and goals, along with investment and planning advice.

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