

FAMILY & FINANCE

QUARTERLY INSIGHTS ON HOW TO ACHIEVE
FINANCIAL HARMONY IN THE HOME



THE FIRST “FAMILY CONVERSATIONS” EDITION

Nobody likes talking about money, even—or especially — when such conversations are kept “inside the house.” The topic of finance is often a taboo one, either because we’re afraid it might lead to arguments or because it’s easier to just sweep things under the rug and tell ourselves that we’ll deal with it later.

But having open and honest conversations about money — between partners and between generations — is one of the best and healthiest ways to ensure financial harmony in the home. It can reduce stress, confusion, and resentment. Most importantly, it can help families move significantly closer towards their financial goals. That’s because these conversations enable each member of the family to move in the same direction rather than opposing ones. It’s financial equivalent to four-wheel drive!

Over the next few editions of *Family & Finance*, we’ll break down some of the most important financial conversations your family can have. In this issue, we’ll focus specifically on the *questions* family members should be asking each other. Enjoy!



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QUESTIONS OLDER PARENTS SHOULD ASK THEIR ADULT CHILDREN

If you are getting older, the concept of leaving a legacy is probably something that has crossed your mind more than once. This is where estate planning comes in. But often, estate plans are made without consulting those who will be most impacted by them: Your children.

Whether it's determining how you want to be cared for once you reach a certain age, what charities you want your money to go to, or even just who gets the family's prized snow globe collection, it's so important to involve your adult children in the estate planning process. And the best way to start is by asking certain questions to find out what *they* want, what *they* need, what *they* are worried about, and what *they* need to know.

Of course, the questions that parents should ask will be different for each family, but here are some classic ones to get you started:

1. "Are you willing to be my executor?"

Or, alternatively, "are you okay if someone else is?"

Choosing an executor is one of the most important estate planning decisions you can make, but it's certainly not one to take lightly. That's because being an executor is a big job — and a very detail-oriented one.

Many people select one of their kids to fill the role. Sometimes, this is the right choice...and sometimes, it isn't.

And in some cases, *not* selecting your child — or choosing one but not the other — can lead to hurt feelings and resentment. For this reason, it's important to talk with your children to discuss whether they *want* the role, whether they have *time* for the role, and whether they have the *skills* for the role.

QUICK TIP

It's rare, but sometimes multiple children want to serve as the executor. While you *can* appoint more than one person, you should be very cautious about doing so, as it can complicate rather than simplify the situation. A rule of thumb is to only appoint more than one executor if there is a logistical reason to do so. For instance, if no one person has the time to do it on their own. Or if you have family, property, and assets in two different areas of the country, requiring a separate executor for each.

2. “What do you most want to keep after I’m gone?”

Whether it’s a priceless family heirloom or a random object that has more sentimental value than monetary, you need to have a plan for who gets what after you pass away. That’s why it’s important to have a family meeting to discuss:

- Which specific items you intend to pass on
- If there are specific items individual family members want...or items that *nobody* wants
- When ownership will and should be passed on.
- If people can’t agree on who gets grandma’s precious stones or the family silverware, whether they prefer to sell it and divvy up the proceeds, or donate it to a museum or charity.

These are not always questions that can be answered in a single sitting. But by having discussions about them *now*, you will reduce feelings of jealousy and spite later on — two emotions that kill the possibility of financial harmony in the home.



3. “Do you have any opinions about my long-term care?”

The topic of long-term care is a discussion *everyone* has to have with themselves eventually. But whether you live in your own home for the entirety of your life, move in with a child or other relative, or relocate to a retirement or assisted living facility, your long-term care decisions will affect your children, too.

Now, your own needs and wishes are obviously the priority when planning for your long-term care. But you should still find out how your family feels. What are they worried about? How will your various options affect them financially? What does each individual want to prioritize? Autonomy? Safety? Closeness? Comfort? This an emotional topic, so it’s important for everyone to be open about their feelings — and to remember that those feelings all come from a place of love.



4. “Are you aware of what I want?”

The previous questions all have something in common: They’re about finding out what your *children* think and feel. But equally important is what *you* think and feel as you grow older. The lifestyle you want to live, the activities you want to do; how you want to be seen, treated, and talked to...your emotions and preferences are as valid now as ever, and they deserve respect.

But it’s easy to keep these thoughts and emotions to yourself — where they won’t do anybody any good! In our experience, most families want to work with each other and accommodate one another, but it all depends on open and honest communication. So, as you have these conversations with your children, and as you solicit their feelings and desires, make sure that you always share yours, too.

QUESTIONS ADULTS SHOULD ASK THEIR AGING PARENTS

In all likelihood, your parents have spent decades planning, saving, investing, and building. That means their financial lives can be quite intricate, even complicated. Which means there's a lot for *you* to know to ensure they are taken care of...and that the legacies they've built last for generations to come. Here are some of the most important questions to ask them, grouped by category. (NOTE: You do not and should not ask these all at once, but as the need arises.)

1. Questions About Their Plans

The son who assumed he was going to get the family cabin after his parents passed, only to learn that his parents had decided to sell it, instead. The daughter who assumed her dad was completely set up for retirement and would be able to help pick up the kids from school...only to learn he had taken on too much risk, hadn't recovered from the last bear market, and would have to work for another two years. Scenarios like these are all too common, which is why it's so crucial we *don't* make assumptions and, instead, have concrete discussions with our parents about their *plans*. Here are some the questions you should ask:

- Where do you plan on spending most of your time?
- How do you plan on maintaining your standard of living?
- Will you rely mainly on Social Security or will you need to tap into your principal?
- What does your asset allocation look like?
- Do you have any concerns that you have too much risk OR that you may run out of money?
- Have you signed up for Medicare?
- Do you have a will, and is it up-to-date?
- Have you determined who will be the executor of your estate?
- What are your plans for the house?
- What steps have you taken to keep your estate out of probate?

FAMILY FINANCIAL FACTS

Over 90% of adults over the age of fifty say that it is important to have updated legal documents like a will...however, only 51% of adults over 50 report currently having one. Meanwhile, 25% of Americans say that estate planning ranked in the top most difficult topics to discuss with family, while only 17% have discussed who will inherit their possessions.

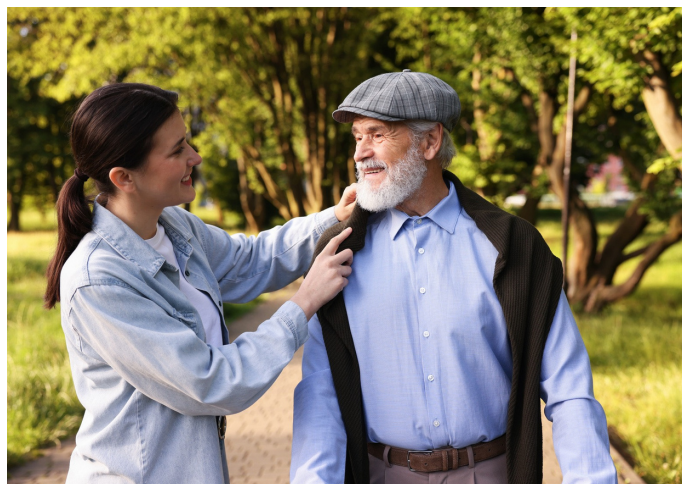
SOURCE: AARP & Talker Research

2. Questions About Their Wishes

In some cases, your parents may not have specific *plans* for every aspect of their lives, financial and otherwise. But you can bet they have wants and wishes.

These wishes may be anything from how they want to live to how they want to be treated to what will happen to the family name after they are gone. But often times, these wishes go unspoken and unexpressed...which just leads to frustration, miscommunication, and sometimes, decisions between generations that are at odds with each other. To learn about those wants and wishes, try asking these questions:

- If I ever become concerned about your memory or your ability to take care of yourself, what's the best way for me to talk with you about it?
- Are you living the kind of retirement lifestyle you intended? If not, what can I do to help?
- Do you have any specific funeral or burial desires I should know about?



3. Questions About Locations and Contact Information

This last category is a no-brainer. If there's ever an emergency or an unexpected death in the family, the last thing you want is to spend your time trying to hunt down folders, keys, passwords, and phone numbers. Remember how your parents used to keep a list of emergency phone numbers on the fridge for the babysitter? This is like that — except the list is for *you*, and it should go far beyond just numbers.



Here are some of the questions you *need* to ask to ensure you know where your parents' important files, documents, and other important information is stored.

- Where is your will located?
- Where do you keep copies of your insurance policies and trust documents?
- Who holds your medical power of attorney?
- Where is the key to your safety deposit box kept?
- Do you have any passwords I need to know about?
- Can I have the contact information for any attorneys or medical professionals you work with?
- What financial assets do you have and where are they held?
- Who is your financial advisor? Can I meet them?
- May I have a list of all the financial institutions you do business with as well as your main point of contact at each one?
- Are there any files, folders, or safes with important documents that I don't know about?



FOR TEENS & KIDS



Grownups aren't the only ones with questions about the future or their finances. After all, teens are on the verge of becoming adults! And *any* kid who takes the time to learn more about money and what their life will look like as young adults often finds that it's one of the quickest ways to achieve more freedom and independence — before you even leave the house! So, here are some of the smartest questions you can ask mom and dad:

What college expenses will my parents cover?

How will I pay off my student loans?

Is it better to lease a car or buy one?

Why does a credit score matter, and should I start building my own?

Can I start investing in the stock market?

How much money should I save each month?

How can I make college more affordable?

What do terms like 401k, IRA, and CD mean?



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