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Introducing Your Children To Your Family Wealth

These 5 tips will help you to instill your values about your family's wealth with children of all ages

Wealthy families often struggle with how to tell their children about their wealth. When family wealth involves larger sums of inheritance, for instance sums set aside in a trust, or the responsibility of becoming involved with the family's philanthropic efforts, many find it even more challenging to be truly open.

Often, parents have valid concerns about privacy, maturity, and work ethic. What if the children know about the family wealth, will they continue to work as hard? Are they old enough to understand and maintain a proper mindset about their wealth? Will they keep the family's finances confidential?

There may be good reasons not to tell your 18-year old that the family is worth \$20 million. Lack of experience with spending could result in the child buying high-end cars or spending lavishly on trips, friends, and experiences if any of the wealth is accessible and not managed through trust structures.

While it may seem daunting, harnessing this sometimes tricky subject will allow families to consider each family member's values and what's in the best interest of the family as a whole when it comes to their wealth. The key is to be able to think through these desired future outcomes. Once that is decided, you can design systems and structures to best support those goals.

Here are 5 ways to begin and maintain a conversation about your family's wealth with your children:

1. Model Good Financial Behavior

The best advice is to model sound financial behavior because children are watching, learning, and mimicking spending and savings behaviors from an early age. When they see you making discerning decisions when purchasing (How long will I use and enjoy this? Do we need this?); when they see you giving to charity; and when they see you going to the bank, these are all golden moments that you can use to convey your values to them. Teaching them these values throughout their lives will play a significant part in how they ultimately think about money.

2. Hold Family Meetings

Family meetings are an important way to carve out time to specifically focus your children's attention on topics about the family's wealth and each person's responsibilities and desires around it. They can be short and informal or scheduled and structured depending on the ages of the participants and the topics you wish to explore. Consider holding family meetings that are age appropriate in terms of topic (financial literacy, money management, charitable giving, goal setting) and duration (think shorter meetings for younger participants). Little by little, give them control of some wealth and decision-making as they mature.

3. Involve a Trusted Advisor

It's a good idea to schedule more formal family meetings as your child becomes a young adult. The timing of when your child is mature enough to understand the entirety of the family's wealth varies from one child to the next and is an important consideration that you will need to determine. Often families prefer having a trusted advisor (such as a wealth advisor, attorney, or accountant) facilitate the meeting. Having a tradition of family meetings conducted by a neutral third-party fosters an open environment where money and personal responsibility are discussed, and the family can reach agreements on what each person's desired outcomes should be.

The advisor is helpful especially at times when family members don't agree on decisions regarding their wealth. They may be called on to act as an arbitrator or counselor to bring everyone together.

4. Have a Plan

ones and their assets according to their wishes. Create and share plans that you have put into place with your children, especially as it relates to your wishes should you or your spouse become ill or infirm. This creates trust and stability especially if your children may someday have to provide care for you.

5. Keep the Lines of Communication Open

The most successful families talk about money, wealth, finances, and family goals from early ages and continue this practice throughout their lives. These conversations help to instill family values, support overall sound financial awareness, behaviors, and decisions. In working with clients, I have found that open family communication leads to healthier relationships and an environment where money is held to its rightful place of supporting the family's well-being.

No parent wants to raise a child that is spoiled or undisciplined when it comes to money. New York Times "Your Money" columnist, Ron Lieber has written an excellent book, [The Opposite of Spoiled: Raising Kids Who Are Grounded, Generous, and Smart About Money](#). This is a 'must read' for any parent regardless of their level of wealth!

You've worked hard to build success; good governance, open and regular communication, and having an intentional mindset around instilling your values about your wealth to your children will preserve your wealth for your children and generations to come.

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Shellie is a Senior Wealth Advisor and Principal at The Colony Group and has over 20 years of experience advising individuals, families and business owners. Her wealth management and financial planning expertise provides valued insights and solutions in all aspects of financial planning including estate and trust planning, investment management, charitable planning, retirement planning, cash flow analysis and risk management. She serves a core group of the firm's clients, overseeing all aspects of the relationship and enjoys working with multiple generations of families to secure their values and legacies for generations to come. Shellie is on our Her Wealth® Committee.

