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Q:

# When should I have an open dialogue with my family about money?



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► **Personal finance is often a challenging topic to discuss with loved ones, especially parents or children.** What we choose to do with our money, how we spend it and how we save, can be a very powerful statement of our beliefs and values. These choices can be private and personal, and therefore hard to share openly.

And while we understand how challenging these conversations may be, we urge our clients to have them as early as possible. Having difficult conversations now can help a family be more prepared for the unexpected.

**Talking to your parents:** Most working adults intuitively understand that their young children play a predominant role in their financial picture and therefore plan accordingly. What many adults fail to realize, however, is the magnitude of the impact

that their own parents can have on their overall finances.

For example, many adult children, at some point, will need to provide for aging parents by way of financial assistance, physical support or, in many cases, both. The need to provide around-the-clock long-term care services for parents can last many years and totally derail a family's financial plan, if those grown children did not take their parents into consideration early on.

Alternately, discussing topics like long-term care can empower families to confront these situations with more strength and clarity. Depending on the family dynamic, grown children can share in the costs of long-term care insurance for their parents, a move that could ultimately protect their own finances down the road. Parents, meanwhile, can also share their vision of how they'd like to

be cared for. Many, in fact, would like to remain at home for as long as possible. Others may have conditions that necessitate a more attentive service staff.

**Talking to your children:** While the concept of “legacy” is unique to each individual, many parents would like to leave something behind for their children after they are gone. Talking to children about what you plan to leave to them can be an extremely difficult topic, for many reasons.

However, we urge our clients to have an open dialogue with their heirs. This can make a meaningful difference. When planning for retirement, for example, adult children who know that there is some money set aside for them may feel more empowered to pursue a career they are passionate about, versus staying in a higher-paying but ultimately unsatisfying job. Or our clients may elect to send their young children to a school they feel will help them flourish, even at a higher cost.

While the exact amount you want to leave your adult children may not be set in stone, for many, the knowledge that you will have a cushion for yourself, yet also intend to leave something behind, provides them assurance as they plan for their own lives.

**Asking a financial advisor for help:** Many families find it extremely helpful to have a good financial advisor guide them through these difficult conversations. When a family is open to it, an advisor can be an invaluable resource toward a meaningful and productive conversation about money.

As a first step, we often recommend that our clients introduce their parents or grown children to their own financial advisor for a separate one-on-one conversation, before integrating other members of the family.

Often, parents and children would like to have distinct financial plans that ultimately complement each other, rather than having only one plan for the whole family. ●

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**ABOUT KEVIN R. LUCHETTA**



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