

# Plan To Communicate

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***If you're not sure whether to share your financial and estate plans with your adult children, consider the issues presented here. Deciding what to communicate, and when, can be a challenge.***

How you talk with your children about your estate plans depends on how you communicate as a family. As a legal advisor, I've encountered the whole continuum of family dynamics and communication skills. Some individuals are uncomfortable talking about these very personal matters. Others, like the couple I describe below, are not:

*Last fall, Jane and Joe Smith invited their children and grandchildren to the Coast for a family weekend. In addition to time for recreation, they scheduled several family meetings to talk about their strategic plan for their business and their estate. Because it was fairly complex, they used a PowerPoint presentation to explain the plan's general outline while keeping the specifics confidential. They hoped this approach would help their children set realistic expectations, assume additional responsibility and authority within the family business, and understand the plan and their reasons behind it.*

*Jane and Joe accomplished their goals – and more. Their children raised some questions and concerns that prompted the parents to make some minor modifications to their plans. Overall my clients reported that they felt more confident afterward that their children were better equipped for any challenges from an unexpected death or disability. It was a family vacation to remember!*

## **How would learning about my estate plan benefit my children?**

Learning about your estate plan can help your children develop realistic expectations about their inheritance. It gives them an opportunity to ask questions and discuss concerns that you may not have considered.

It also allows you to communicate the motivations behind certain choices in your estate plan. For example, many parents begin planning with the thought that “fair” means “equal.” But sometimes fairness may dictate unequal treatment. Take, for example, a child with special needs (a physical or mental disability), an adult child's financial success or challenge, or previous gifts (for education or buying a first home). Discussing these specifics can prevent misunderstanding and bitterness after your death.

On the other hand, it is possible that sharing your plan may cause anxiety or concern if your children are not yet at the right age or maturity level to discuss such issues. Perhaps you do not want an 18-year old heading off to college knowing that he will eventually inherit a substantial sum.

## **How would sharing information about my estate plan benefit me?**

You may want to provide opportunities for family members to discuss the transition of your business or how to distribute family heirlooms. You may want to encourage your family to continue your philanthropic work in the community. Or you may just want to make sure your family members have an open forum to ask questions and dispel any concerns or questions they have about your plans. An open dialogue is the best way to encourage clarity and understanding within your family.

## **What is the best setting for this kind of discussion?**

You might choose, as did the Smiths, to present your plans during a weekend vacation, which allows for family fun as well as focused discussions. Another option is to set aside time over dinner or an evening at home. And if the plan is fairly complex, with multiple trusts and other documents, it might be helpful to prepare a binder that organizes the information you want to share.

## **Our family doesn't have experience talking about sensitive issues. Are there other ways to share this information?**

You may choose a more structured setting, by meeting at your attorney's office and having the attorney summarize your plans. Or consider talking with each child or grandchild individually. Depending on the history of communication in your family, this one-on-one approach may yield more satisfying results for both you and your child.

## **Whatever else you decide...**

No matter how sensitive the situation, I recommend that at a minimum you share the following information:

**CONTACT LIST.** Compile for your family a list of the addresses, telephone numbers, email addresses and other contact information of each of your advisors. Your heirs should have a road map to the documents they will need if you become disabled or die.

**LOCATION OF DOCUMENTS.** List where important documents are located (e.g., will, trust and power of attorney documents, income tax returns, and insurance policies).

**ACCESS TOOLS.** List the location of keys or combinations to safe deposit boxes, offices, storage vaults, and other places where access is limited. Include passwords on a business or family computer: they may prove essential to continuing the business or locating important information.

**A SHORT "TO DO" LIST.** If the event of your disability or death, what steps should your family take with regard to business interests? Medical files and records? Investments? Life and disability insurance policies? Social Security? Other?

## **One Last Note – Go Ask Alice**

*Alice is a client who recently confided to me her concern that she knows so little about her inheritance. She has carefully tried to broach the subject, but neither of her parents feels comfortable discussing their estate plans. And with so little knowledge, Alice, now in her early 40s, is unable to plan effectively for her own family. Should she continue to save for her children's college education, or have her parents set up a trust for this purpose? Will she be expected to manage the family business? Should she continue to diligently plow money into her 401(k) plan, or will her inheritance assure her a secure retirement? Inheriting a large sum of money entails a lot of responsibility, and Alice would like to be prepared to manage her financial life responsibly.*

I have met many families that operate just like Alice's family. It is sometimes easier or more comfortable to avoid discussing difficult and emotional topics. But by not sharing your estate plan, it can be much more difficult for your adult children to plan for their own lives. Please consider having a family meeting to discuss your estate plan. Alice will thank you.