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## Wealth Within the Family Dynamic

**Overview:** Wealth counselor and psychotherapist Marilyn Wechter discusses how family wealth can affect parents and children in different ways. Marilyn also touches on the subject of how family members can begin repairing damaged relationships and change the meaning of money throughout the family dynamic.

**Q: What is the most common issue you see affluent families facing today?**

**A:** Two things come to mind immediately. The first issue would be the whole struggle of how to raise kids who are not entitled. Parents want to see their kids be good citizens and have a work ethic based on an understanding of the value of money and hard work. So, I think parents struggle with those aspirations, often not realizing that their own actions may be creating the very situation they fear.

The second issue is how to prepare children for the possibility of having less. These days, I think everybody has some degree of anxiety about maintaining standards of living no matter how much money they have, and they are concerned about preparing the next generation to be able to live with what they have or live within their means.

**Q: What is the first step in bringing children and parents closer together when money issues divide them?**

**A:** I'm a big proponent of people sitting down and talking. So often, it happens that people just don't discuss these issues. It seems simple to say, but it's one of the hardest things we do because it means time and effort. It means listening and really hearing the other person's position. It means being able to reach a point where someone can say, "I might not agree with you, but I understand that you're feeling strongly about this issue." Finding common ground and creating safe ways to talk are the first step, the second step and the third step.

**Q: You have said that those in the family who have earned the money very often do not view that wealth in the same way as those who will receive the money. How would you counsel a family facing this issue?**

**A:** Part of it is that the person who earned the money knows what went into getting it. The person receiving it may not have any appreciation of that. The person who earns it is also concerned with issues of how to keep earning that wealth, preserving that wealth or keeping his or her family living in the style to which they've become accustomed. The person who receives [the wealth] is just accustomed to that lifestyle. So, the importance of sharing and understanding one another's perspectives, especially with teenagers, is absolutely essential.

Families have different styles. Depending on how the family works, earners might feel that those who receive the money shouldn't have any say in decisions because it's not their money.

In my view, that can become crippling because it doesn't give growing kids a chance to learn how to handle money and to make decisions about it — to practice having a voice and to experience having that voice heard. On the other hand, some families are too laid back and give too much power to the kids before they know how to use it.

**Q: Is money/wealth the issue that most often divides families?**

**A:** You know I believe, in general, that money is often harder for people to talk about than sex. Money is so charged that it's often the most common hot button in families. It is a case of having money and not having money that creates so many problems. Again, no matter how much you have, it is never enough to do everything you want to accomplish. Families have competing ideas of what they want to do with money, so that leads to conflict.

**Q: If adult children wish to approach their parents about family wealth, how should they begin the conversation?**

**A:** Directly and openly. One way to begin the conversation might be to say to a parent, "I'm starting to do my own financial planning, and part of my financial planning includes having some idea of where you are (if I'm going to have an inheritance or if I'm not going to have an inheritance). So, it would be really useful for me to be able to talk with you about what your plans are for the money. I'm not saying this with any expectation or entitlement, but rather just to open the conversation."

The parents could react negatively, saying, "How dare you to ask about that." A parent's response can alert the rest of the family to the fact there are problems that need to be addressed. It is important to understand that it may take many attempts to open the lines of communication in this way. The first and second conversation may not be successful, but that shouldn't dissuade someone from trying again to connect.

On the other hand, the parents might realize they hadn't even thought about that issue, but acknowledge it is a good question. They might also say, "I'm so glad you asked. We've been thinking about this but haven't known how to bring it up."

**Q: What is a good way to address sibling rivalry when it comes to the financial side of the relationship?**

**A:** I think you have to start laying the groundwork with your children early on about how you deal with money and introduce the concept of "fair is not necessarily equal." Something that parents can do is think about the financial needs of each of sibling and how to react financially depending on what those unique needs are, recognizing it might not be the same way of across-the-board giving the children were accustomed to when they were younger.

Sometimes, it can be difficult when there is a big disparity between the wealth of the grown children. Let's say you have two adult children in a family, and one makes a lot of money and the other does not. Perhaps the parents decide to pay for the tuition of one grandchild, but not the other. How can they equalize that? The parents may decide to equalize that giving relationship by taking the other

sibling's family on vacation. It may appear to the siblings that one is receiving a great deal more from the parents, but in reality, it is equal, and that's when you begin talking about what equal looks like. When parents are able to explain to their children why financial decisions are made, that begins a culture of communication where everyone has a chance to speak and a lot more can be dealt with throughout the family.

In general, it usually comes back to the importance of talking about these topics, saying here is the wealth we have and because each family member has different needs, we have taken these steps as a way to equalize it for the entire family.

When parents make plans in a vacuum without talking with their adult children about what those plans are, that is when hard feelings set in. Coming to a resolution where everybody is taken care of is an outgrowth of having discussions.

**Q: Can you explain some of the issues to be considered to achieve a successful wealth transfer from parents to adult children?**

**A:** For instance, if the children are near or older than age 25 upon a parent's death, would the children receive money all at once or have the parents set up trusts where the children would receive money gradually? That's an important thing for parents to be talking about with their financial advisors — based on their knowledge of their children and how old they are — how that wealth projects into the future.

The other scenario is for children to receive money while the parents are still alive. But parents must realize that once they give money to their children, they can't control it anymore. Parents need to think very clearly about what they want this money to accomplish for their kids.

Why are they making this decision? Are they doing it because they don't want Uncle Sam to get the family's wealth? Perhaps because they want their children to be able to choose a profession that they might not otherwise have explored because they wouldn't earn enough money, or they want to help their children buy a house, start a business or pay tuition for a grandchild. When parents let their children know they have options, children have a better idea of the best way to proceed.

What parents should not do is give children a large portion of the family's wealth without any preparation. It's like getting a flower bed ready for planting. Unless you work the soil, your plants are not going to thrive. Talking with kids about money — whether they're adults or whether they're still growing up — and helping them learn how to deal with it responsibly is essentially preparing the soil so that what they plant will grow and thrive.

**About Marilyn Wechter, MSW, BCD**

Marilyn Wechter, MSW, BCD is a psychotherapist and wealth counselor. She has been in private practice in St. Louis for more than 30 years working with adolescents, adults, families and couples. In addition, she works with estate lawyers, investment advisors and executive coaches. She has taught courses on normal and abnormal development at Washington University in St. Louis, and courses on images of women in film from a cultural and psychological perspective at Webster University in St. Louis. The opinions and comments expressed in this article are her own and may not accurately reflect those of The Buckingham Family of Financial Services.

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