

## Talking Inheritances With Kids

For many people, estate planning is a difficult topic to discuss with their adult children. While having such conversations takes a lot of courage, families that speak freely about these delicate issues can avoid potential problems in the future.

Here are five topics worthy of discussion.

1. **Avoid surprises.** Families that speak freely about estate planning can address awkward situations that might arise, like the choice of the executor, who is in charge of distributing assets after someone dies – or succession plans for a family business, or the leaving of assets in trust. It is tempting to devise a plan fitted to the personalities, abilities and needs of individual family members. But remember that unequal treatment can rekindle old rivalries or ignite new ones.

2. **Consider children's wishes.** While parents have no obligation to design an estate plan after based on a child's preferences, disclosing the plan to the children can result in a happier outcome. For example, you may be thinking of leaving one child a larger inheritance because he has more children. By sharing these details with this child, you might learn that he would prefer to receive the same amount as his siblings, rather than deal with unhappy siblings.

When there is a family business, the parent founders often want to pass along the business to any children who are involved with it. But it's important to assess whether they want to continue that role. If they do, you can look for ways the children who will not be involved might receive other, comparably valued assets.

Summer and vacation homes are another potential source of conflict. Before leaving these assets to more than one person jointly, find out whether they want them and how they might continue using them. Various legal tools are available for sharing and running these homes, financing their operation and buying out people who do not want to participate.

3. **Adjust expectations.** People who made large lifetime gifts may leave children wondering whether that's all they're going to receive, or whether there is more coming later. Now might be a good time to set the record straight.

Another thing to discuss is whether your estate plan will address loans and gifts you may have provided to children during your life. For instance, if you lent money to one child and were never repaid, you could leave that child proportionately less. If you have set aside college funds for grandchildren in 529 plans, you could give a larger inheritance to a child who is not a parent.

4. **Explain your reasoning.** Explaining what has influenced your decisions could make them easier for children to accept. If you leave the summer home to one child because he used it most make your reasons clear now.

5. **Promote family harmony.** Of course, parents who share their thinking now risk hostility from adult children who do not like what they hear. Sometimes it is best to have a series of talks, rather than covering everything at once. To reduce the possibility of a joint family squabble, parents may talk to each child separately, rather than addressing them as a group. Afterward, ask each child, "What do you think?" Adult children may have great ideas and interesting opinions for you to consider.