

## Taking stock of your family's financial future

### Wealth Management

BY STEVEN ST. PIERRE



#### Making choices

Whether your wealth was inherited or newly created, getting your wealth was only half the battle. The other half is the variety of choices you will have to make regarding what your wealth will be used for and what will happen to your wealth in future generations. How much do you want to pass on and to whom? How do you want it to be used? Who will have access to it and who else will be involved in financial decisions? How will you talk to your children about wealth?

Morris and Pearl categorize these tough decisions three ways: financial choices; intellectual choices; and spiritual/emotional choices.

• **Financial choices:** First, evaluate what you and your family believe your money is for. Morris and Pearl say that, whatever the goal, and “whether or not you believe your children are entitled to inherit your wealth, they will need to know your intentions, which will affect their life decisions.”

Communicating with your children about your intentions, however uncomfortable the circumstances may be, is one of the best gifts you can give them. This will also help your family become financially literate – a skill they will need as they come into wealth of their own.

Next, establish trusts that will secure wealth for future generations. The most important consideration when establishing trusts is to focus on what that really says – trust. The focus should be on plans that will invest in people, not simply distribute to people. You are not looking to pay for your family members' lifestyles; you are looking to invest in your family so that they can enjoy their lifestyle.

• **Intellectual choices:** A good place to start ensuring your family's financial reliability is by adopting healthy financial values and instilling those values in the next generation. Financial val-

ues, such as saying and/or hearing “no” once in a while, differentiating between wants and needs, making tradeoffs and tolerating delayed gratification will provide your children with a well-balanced understanding of what wealth is for.

• **Spiritual/emotional choices:** While money may be used to make life more comfortable, secure and enjoyable – which certainly leads to happiness – true happiness is about how wealth is used, not how much of it there is. The basis for a fulfilled life is feeling cared for, understood, stimulated and engaged in meaningful work. Without these qualities, no amount of money can create a happy life. Are you using your wealth to foster these qualities of life, or are you using it in sporadic, transitory ways? Each family member needs to feel unique and valued in the family.

At the heart of Morris and Pearl's message is that your family's financial future is entirely in your hands. Before getting overwhelmed, choose one or two areas to focus your energy and changes. Well-thought-out baby steps will likely produce longer-lasting and more meaningful results than overly ambitious changes. Talk to your family about some of the concerns you have about your family's future wealth, and more importantly, spend time with your family to learn about their individual goals. Always keep communication going, work on keeping your family together, and consider all possible intended or unintended consequences of your future spending, investing, parenting and lifestyle choices.

For more information on the authors or the book, “Kids, Wealth, and Consequences: Ensuring a Responsible Financial Future for the Next Generation,” “visit [kwandc.com](http://kwandc.com). **NHBR**

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What is money for? Security? Power? Status? Materials? How much money do you need to reach your goals? How will your children be influenced or affected by your wealth?

Richard Morris and Jayne Pearl strive to help you answer these questions of wealth in their book, “Kids, Wealth, and Consequences: Ensuring a Responsible Financial Future for the Next Generation.” Each chapter begins with a survey designed to help you think about the issues that you may need to discuss with your family regarding your wealth. Try answering some of these questions now, marking a number from 1 to 5 if you agree or disagree (1 if you strongly agree; 5 if you strongly disagree):

- My children would be financially and emotionally prepared to survive even in the unlikely event that the family fortune was lost.
- My children understand they are very fortunate, and have interacted with people in less comfortable economic and social surroundings.
- In one discussion, I can introduce my children to the family money, including trust structure, inheritance value, and expectations about “what money is for.”
- My values, actions and lifestyle are aligned.
- My children feel empowered to express their beliefs and feelings to the rest of the family.