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***Wealth Within the Family Dynamic:
Interview With Marilyn Wechter, Wealth Counselor***

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 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: How is wealth counseling different than a psychotherapeutic relationship?

A: It's more focused. When I work with people doing wealth counseling, we may get into some background, but we're looking at the impact of money, how money is used and what money means.

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. Some are autocratic, some are democratic and some are completely laissez-faire. Depending on one's personality style and 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: How does one family member or the entire family decide to seek assistance?

A: Usually, one person initiates it. One member of the family will say, “I would like everyone to come see this person with me because I’d like us to talk about money.”

I’ve had adult children say to me, “I would like my siblings and my parents to all come in, just to talk about what money has meant for us growing up - to understand how it has shaped us and to understand the role that it plays in our lives now.”

It could occur in a variety of ways. A financial advisor or estate attorney might say it could be useful for a family. It could also be the parents who are concerned with how they give money equitably to their children. There are lots of ways of getting there.

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.

That is part of the importance of wealth counseling — for families to come up with their family mission and discover what they want their family to stand for. What are the values that they share as a family and how do they want to implement those values into action? The process of working with a family to clarify its mission and goals can create a sense of shared purpose that can do incredible things for a family. It is a wonderful way to start addressing differences and define common ground.

Q: Is it valuable to find common ground outside of the subject of wealth when divisions persist (if you can’t get a family to agree on the wealth, do you sometimes try to take a step back from the discussion)?

A: Charitable giving can be a good place to start, but what you do then is step back, and start to talk about values. Then you begin to identify what things the family holds dear. Forget about money for a minute. What’s important to them, what do they want their legacy to be? Talk not about money, but about what matters. Then, there’s usually some common ground and you start to build on it. If one sibling is a loyal Republican and one is a lifelong Democrat, it sounds like they both care about the political process. There are ways to start dealing with the divisions.

Q: On the surface, it would appear that there would be no way to bring people together who are so divided on numerous issues. How can people connect in this scenario?

A: That’s the point. Take the differences and try to figure out what is common among them because most of us have commonalities even if we’re fighting like cats and dogs. Consider a family where the grown siblings haven’t talked in years; they hate each other. But if you can start a conversation, they may all fondly remember going to the beach when they were 10 years old on that fabulous family vacation. Call to mind a time when they didn’t hate each other. So you start to build there.

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 that there are problems that need to be addressed.

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: Are there any steps a single family member can take if it is impossible to bring the entire family together regarding its wealth? Is there a way to reach out to the family attorney or other trusted professional for help?

A: I think that you can start with individual conversations. Usually, in a family there’s one person who has contact with everybody. So that person can get some help in starting to build some bridges.

The other option would be if there is a family estate attorney, financial advisor or another trusted professional, you can enlist their help. There are families where they all use the same estate attorney or financial planner even though they have nothing to do with each other. There may be ways to facilitate common ground there.

Q: What steps can a parent take to prepare adult children for a wealth transfer?

A: First, I’d put in an endorsement for starting to talk about money and wealth before the children are adults. But let’s say we don’t have that luxury, and they’re already adults. Then, I think you gauge how your kids deal with money. As parents, you assess where your children are in their lives, how responsible they are with money and what they do with their money. Then, you start talking.

In essence, the conversation begins with what the parents plan to do with their money (now and after they die). So, you begin talking about the amount of money the children will have access to when you die and the kinds of things you hope your children will do with that money. Another part of the discussion would be to understand the kinds of instruments that can be used or are available for the children to access this money.

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.

Are they doing it just because they don't want Uncle Sam to get the family's wealth? Why are they making this decision? 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 or start a business, or pay tuition for a grandchild. When parents let their children know they have options, children also get 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

Marilyn Wechter, psychotherapist and wealth counselor, has been in private practice in St. Louis for 28 years working with adolescents, adults, families and couples. Some of the issues that her work in wealth counseling addresses include exploring attitudes about money, how they originate, and the understanding of how deeply one's sense of identity is connected with emotions about money. In addition, she supervises and consults for other psychotherapists, schools and community groups, as well as working with estate lawyers and planners, 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. The opinions and comments expressed in this article are her own, and may not accurately reflect those of Buckingham Asset Management, LLC or BAM Advisor Services, LLC.

On July 11th The Educated Investor Feature Article will focus on helping children understand money and wealth; what to say to them about money, and a discussion about allowances for children under the age of 18.

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