

# Family meetings emerging as a new facet of financial planning

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Neil Tait poses for a photo in his home in Toronto on June 22, 2018.

MARTA IWANEK/THE GLOBE AND MAIL

Five years ago, when Stephen Tait lost his mother, Muriel, to cancer, the family was left reeling from a loss they weren't prepared for. Stephen, his sister, Jackie, and their father, Neil, expected that their mother and wife would be able to beat the disease she had spent the previous four years fighting.

“When my mother passed, she had the required will, but she wasn't ready to go mentally. She had plans that she was going to fight this cancer, like we all did,” said Stephen Tait, a 53-year-old financial services executive in Toronto. “When she did pass,

it was a bit of an eye-opener because there were a lot of things that we weren't necessarily prepared for."

Now, with his father approaching his 81st birthday, Stephen wasn't surprised when he and his sister were asked to join his father's financial adviser to have a family meeting about his father's financial expectations in case anything were to happen.

"I wanted them to have a thorough understanding of my affairs and to know exactly what my assets were and how they are distributed so there will be no surprises when the time comes," Neil Tait, a retired bank executive, said. "It wasn't just a review, but it was an open discussion where if they had any observations or a suggestion that they liked to do things differently or change, then this was an opportunity for them to bring it up."

Such family meetings are becoming a bigger part of the financial-planning process as Canadians are now living longer and many retirement plans are being extended to the age of 100, says Susan Latremaille, director of wealth management with the Latremaille Begg Group at Richardson GMP in Toronto.

"Those of us who have embraced this holistic perspective can see the linkages and help people with those turning points in their lives," says Ms. Latremaille, who conducted the Tait family meeting. "We provide way more services than we used to. It is no longer just an investment role. Today, there is nothing that is off the table. As people age, cognitive health becomes a bigger issue, educating children about money and leaving an estate, sickness and disease and the implications that come with that. "

And the importance of that role is growing. Canada's wealth-management industry is in the midst of the biggest intergenerational wealth transfer to date. Approximately \$1-trillion will pass from one generation to the next in Canada between 2016 and 2026, according to data from Strategic Insight. Not addressing plans can lead to misunderstandings, unpleasant surprises, possible legal complications and, in turn, family conflict.

Among Canadians with at least \$500,000 in investable assets, 58 per cent have not discussed instructions for their estate with their heirs, according to a recent poll conducted by Investment Planning Counsel Inc.

Of those, 46 per cent said they intended to have a discussion at some point in the future, but 12 per cent said they had no intention of ever discussing inheritance plans with their beneficiaries.

"A lot of people don't want to talk about it because they are afraid to upset family members, but the lack of communication could be leaving inheritors in the dark," says Sam Febbraro, executive vice-president at Investment Planning Council Inc. (IPC). Mr. Febbraro suggests financial advisers be introduced to family members as a first step. "Parents should explain their objectives and make sure there is clarity in the decisions they have made."

In addition to investment portfolios, supplementary information that should be shared in a family meeting includes physical items, vacation homes and cottages, charitable donations and medical information, he says. Many people also don't anticipate the size of the digital footprint they will be leaving behind, Mr. Febbraro adds. They need to provide details and passwords for financial, e-mail and social-media accounts and for any professional contacts such as lawyers and accountants.

Family meetings aren't top of mind until there is a catalyst, says Darren Coleman, a portfolio manager with Raymond James Ltd., who has increased the number of family meetings with his clients.

"They can be tricky to set up because most people want to maintain their privacy, especially around close family," Mr. Coleman says. "Money for many families is a taboo topic. It's not something they are used to talking about, and want to keep very private."

"There are many clients who then realize how complicated it can be and they say they didn't realize what went into it," Mr. Coleman says. "They don't know how difficult it is for the survivors to cope with things."

For Neil Tait, he didn't want to leave anything open for interpretation and plans to conduct a family meeting once every five years and will eventually incorporate his grandchildren into the discussion. Neil, who now spends his winters in Florida, has worked with Ms. Latremaille for more than 25 years and is confident that when the times comes, his affairs will run smoothly.

"My children had a pretty good idea of what my total investments were, but I had never broken it all down for them," he says. "This is something Susan laid out for them. While the total number wasn't a surprise, the breakdown allowed them to see what is in the U.S, in Canada and what is held internationally – why we have it there and what the return is in each segment."

As well, Neil spent a lot of time travelling abroad to Asia during his career and has continued to donate to the Chinese community in Toronto. Both his children know that's something he holds dear to his heart, as well as the hospital that took such great care of their mother during her illness – Toronto's Princess Margaret Hospital.

"I appreciated the opportunity – for both my sister and I – to actually be able to listen to my father's plans for himself and speak with the person who will be executing on those plans," Stephen Tait said. "The ability to talk about his final wishes and for him to know we will be able to follow through with them."

More Canadians need to start engaging family members in their wealth-transfer conversation, IPC's Sam Febbraro says. He suggests the following steps to help ensure a smooth transition and prevent family conflicts.

- \* Introduce your family to your financial adviser: Set up a meeting with your children and your financial adviser – even if your adult children have their own adviser, it will be beneficial for them to have made the connection;
- \* Make decisions in a low-stress environment: Hold a family meeting when you are healthy and not under pressure to make decisions quickly;
- \* Explain your objectives: Share the reasons for the decisions you are making, your objectives and how they align with your values;
- \* Create an estate directory: This directory will detail essential items such as bank accounts, investments, insurance policies, wills and power of attorney and how to access them when needed;
- \* Include your executors: Introduce your executor to your financial adviser. Inform and educate your executor on your intent and wishes, where to find the will and if they need to contact any third parties;
- \* Educate your heirs: Educate and prepare your heirs to take over and manage your wealth.

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