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What to do if you unexpectedly find yourself in charge of the family finances

By Ted Rechtshaffen

And for those who run the finances today, have you prepared your family in case something happens to you? Here's a guide to get you started

When Shakespeare wrote "Some are born great, some achieve greatness, and some have greatness thrust upon them," he wasn't referring to financial management - but I have found the insight quite relevant in this field.

Few couples realize that no matter how conscious the uncoupling, their finances are likely to be, if not decimated, then at minimum thrown into disarray. Read on ²

When it comes to managing their financial life, some people were born to do it, some learn to do it and, unfortunately for others, some have it thrust upon them. Falling into sudden financial responsibility often happens after divorce or through the death or disability of a loved one. While this situation can happen to anyone, it has traditionally been woman who most often find themselves in the position of suddenly having to deal with all of these challenges.

If you are reading this article, thinking that it doesn't apply to you because you are a financial whiz, imagine what would happen to your families' financial world if you die suddenly. Who is in charge? Are they able to make the right financial decisions? Would they even know where to find everything they would need in order to make those decisions? Think hard about this scenario.

In most families, it is a situation that the non-financial expert is totally unprepared for. If responsibility for your family's financial life was thrust upon a loved one, it would be a daunting task for them. Where would they start? Who could help? What would they need to learn?

Have you prepared your family in case something happens to you?

One of the best places to start if you find yourself unexpectedly in charge of the household finances is to read.

Books like *The Wealthy Barber* or *Findependence Day* are great, easy to read primers on how to lead a financially prudent life. The website getsmarteraboutmoney.ca³ is also a great source for learning the basics (and the not-so-basics) of the financial world in Canada.

You will want to do some reading and learning on your own, because even if you turn to professional advisers, you will be better off having a foundation of understanding in order to ask the right questions. Beyond the ability to ask the right questions is having the confidence to ask them. In many cases I have found that female clients are better listeners, but not as comfortable asking questions as their male counterparts. This comfort zone is one of the most important parts of working with an adviser. After all, if you are not made to feel comfortable to ask questions then there

is a high risk that you will make decisions that you don't understand or are uncomfortable with. This is never a good place to be.

Another key is to ensure you are able to gather all of the relevant financial information for your family. This can be extremely difficult at any time, but especially when there are private investments, old trust or corporate accounts, or simply poor record keeping. One of the tools that my company provides for free is called the All in One Place Guide (available at tridelta.ca/resources/free-all-in-one-place-guide/⁴). It can be used as an electronic guide or can be printed out, but its purpose is to give your loved ones the peace of mind that all of their financial and legal documents can be found and accessed through one document.

If you are the person who primarily controls your family's finances, then completing and sharing a document like this with a loved one can save your family a great deal of time, money and stress - not to mention reducing the risk that some of your assets could go missing forever. If your family is able to track all of the key details, and have been able to do even a little reading to increase their financial confidence, they are now in a position to deal with the financial advisers, lawyers or accountants.

The best place to start is with those professionals your or your family member has already worked with. These advisers will hopefully have some familiarity with the goals of your family. Having said this, the advisers that you are comfortable with may ultimately not be the ones that your loved one was comfortable with. You may have to make changes in time to find people that are a better fit.

Of course, trust and knowledge are two key things to look for in an adviser, but I would put them in second place to finding a good communicator. There are many smart and honest advisers who simply do not have the ability to communicate effectively to each client, and without that, most of what they say will be lost in the translation - especially if you are new to some areas of financial responsibility.

How do you find this person? Start by talking to friends who may have been in a similar position. You should look to people who can provide a broader financial perspective and support than just a seller of products. If there is an accountant you like, for example, ask him or her for guidance on an Investment advisor, and vice versa.

For those of you who run the family finances today, have you prepared your family in case something happens to you? Much like you have life insurance in place to protect your family financially if something happens, preparing your family to handle the finances in an emergency is also very important. Now might be the time to prepare your family. Now might be the time to ensure that the care and management of the family finances is something that can be worked on together over time as opposed to being thrust upon a loved one in a tragic moment.

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Illustration by Chloe Cushman, National Post

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